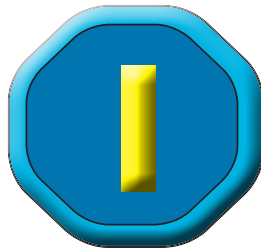


Illustrated
Book-keeping
for
Secondary Schools

FORM



Student's Book




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Preface

This is the first edition of **Illustrated Book-keeping Book for Secondary Schools Form One** that contains both textbook notes and review questions with answers for students and teachers regarding the Book-keeping course for Tanzanian Secondary Schools. It has been written in accordance with the new Book-keeping subject syllabus for ordinary secondary education issued in 2016.

The book is designed to meet the demands of the Secondary School Book-keeping subject syllabus for Form One and the needs of any other students learning business subjects. It is organised to provide students with what has been found to be the most appropriate sequencing of chapters to enable them to build a stable foundation for accounting knowledge. The language used is simplified as much as possible to enhance profound understanding to most Tanzanian students.

This book is resourceful and consists of many illustrations and examples as prescribed in the current new syllabus. Hence, it is expected that students and teachers will find this book very helpful in the course of learning and teaching respectively.

In order to make the best use of this resource, students should consider the following matters, which are a proven path to success:

- At the beginning of each chapter, there is a list of learning objectives. These will lead students to know what is needed and what will be covered as per new syllabus requirements.
- By the end of each chapter, students will have to check what has been learnt against the recap of the entire chapter that follows the main text.
- After the main text, students will find a number of illustrations which will enhance their knowledge of the notes which will assist them to comfortably do various exercises which will enable students to understand the lessons well.
- Further, for some chapters, step-by-step processes in attempting particular problems have been found to facilitate learning and breaking down the entire cycle for understanding concepts. Chapters such as: recording transactions in books of original entry, posting of transactions to ledgers, extraction of trial balance and preparation of financial statements have been covered in this manner.
- Students should study as many illustrations in the book as possible at the points where they appear. This is very important. They will reinforce students' learning and facilitate making concrete some of the ideas that may otherwise appear very theoretical.

- The answers for each chapter are provided at the end of the book. Students should not look at the answers before they attempt the questions otherwise they will just be cheating themselves. Once they have attempted questions, they can then check the answers at the end of the book and make sure they understand them before moving on.
- Students should attempt questions when they reach their sections, i.e. multiple-choice questions, matching items, filling in the gaps and narrative questions. If they get any wrong answer, they should revise the chapter and redo the exercises before moving on to a new chapter. Student should show the workings for problem solving questions to earn maximum assigned marks for a particular question.
- Questions have been set to facilitate review of materials covered in the main text of a particular chapter.
- Teachers should guide students to find time to do as many exercises as possible.

We wish you all the best in your studies and we trust that this book will enable you to pass your examinations well; and we trust that you will get the rewards you deserve!

Enjoy learning...

TQ Publishers Ltd.

October, 2019

Books of Prime Entry

Learning objectives

By the end of this chapter, you should be able to:

- (a) Explain the meaning of books of prime entry,
- (b) Describe the features of books of prime entry,
- (c) Explain the types and uses of various books of prime entry,
- (d) Explain the functions of books of prime entry,
- (e) Describe the importance of maintaining books of prime entry,
- (f) Analyse the source documents used in books of prime entry and
- (g) Record business transactions into books of prime entry.

Introduction

The accounting cycle stipulates eight (8) processes involved in preparation of financial statements. The second stage in the cycle is recording of business transactions into books of prime entry which are sometimes called Journal entries. Refer Figure 1.1 in Chapter 1 which shows the accounting cycle.

The meaning, types, purposes, sources of documents and preparation of books of prime entry will be discussed in detail in this chapter.

3.1 Meaning of books of prime entry

Books of prime entry are defined as the accounting journals in which business transactions are recorded for the first time using source documents. The information in these books is then summarised and posted into respective general ledgers from which financial statements are prepared. They are termed as ‘books of original entry’ because transactions are first of recorded in these books.

In the books of prime entry is where transactions are initially recorded before being posted to their respective ledgers.

The ledger accounts of a business are defined as the main source of information used to prepare financial statements. However, if entities were to update their ledgers each time a transaction occurs, the ledger account would quickly become cluttered. This would also be a very time-consuming process. Hence, in order to avoid this complication, all transactions are first recorded in books of prime entry before being posted to ledgers.

Books of prime entry are also known as ‘*journals*’, or ‘*Day books*’ or ‘*Subsidiary books*’ or ‘*Books of original entry*’. The process of recording transactions into respective journals is called *journalising*.

3.2 Features of books of prime entry

The key features of books of prime entry are listed below:

- (a) Transactions are recorded for the first time when they take place.
- (b) They are updated on a daily basis, immediately after a transaction is concluded.
- (c) Transactions are recorded in a chronological order, i.e. in a date-wise order.
- (d) Each transaction is followed by a brief explanation of the transaction which is called 'narration'.
- (e) They record both debit and credit aspects of a transaction to the double entry system of book-keeping.

3.3 Types and uses of different books of prime entry

There are seven (7) types of books of prime entry and each one records different business transactions.

- Sales day book (Sales journal),
- Purchases day book (Purchases journal),
- Sales returns day book (Returns inwards journal),
- Purchases returns day book (Returns outwards journal),
- Petty cash book,
- Cash book and
- General journal (Journal proper).

(a) Sales day book (Sales journal)

A sales day book is also known as a *sales journal*. This is a book of prime entry in which all credit sales are recorded.

In normal business, we do expect to have both cash and credit sales transactions. While all cash sales are recorded in another journal known as cash book, all credit sales are recorded into sales day book.

The source document for recording transactions into the sales day book is the sales invoice. This is a business document containing all the details of the sales made. Sellers keep a copy and send another copy of the invoice to the customer.

A sales journal records all sales invoices issued to credit customers (Debtors or Accounts/Trade receivable). Each invoice is recorded into the sales day book. The format of a typical sales day book is shown in the next page.

Format 3.1: Sales Day Book

Date	Name of Customer	Invoice No.	Folio	Amount
2017 Dec 01	Peter Kimbuya	1231233		7,000,000
Dec 03	Joseph Maneno	1245221		9,500,000
Dec 04	Bakari Msomemo	4521222		3,800,000
	Total			<u>20,300,000</u>

Each invoice is recorded into Sales journal as shown above, and subsequently posted into the sales ledger (under the name of each customer) and also posted into sales account in the general ledger.

Below is the description of each column used in the sales journal:

- (i) Date: This column is used to record the date of sales invoice.
- (ii) Particulars/Name of customer: This column records the names of customers whose individual accounts are maintained in the sales ledger.
- (iii) Invoice number: The sales invoice number is written in this column for reference purposes in the future when receiving payments.
- (iv) Folio: This is reference to either account number or page number in the sales ledger.
- (v) Amount: In this column, the net amount as per invoice is recorded.

(b) Purchases day book (Purchases journal)

A purchases day book is also known as *purchases journal*. This is a book of prime entry in which all credit purchases are recorded.

In normal business, we do expect to have both cash and credit purchase transactions. While all cash purchases are recorded in another journal known as cash book, all credit purchases are recorded into purchases day book.

The source document for recording transactions into the purchases day book is the purchases invoice. This is a business document containing all the details of the purchases made. Supplier issues the original copy of the invoice to the buyer and keeps a copy for reference.

Purchases journal records all purchase invoices received from credit suppliers (Creditors or Accounts/Trade Payable). Each invoice is recorded into the purchases day book. The format of a typical purchases day book is shown in the next page.

Format 3.2 : Purchases Day Book

Date	Name of Supplier	Invoice No.	Folio	Amount
2017 Dec 01	John Kimboriko	145213		2,000,000
Dec 03	Maisha Maneno	165211		4,000,000
Dec 04	Bakari Cheupe	489542		3,000,000
	Total			<u>9,000,000</u>

Each invoice is recorded into the purchases journal as shown above, subsequently posted into purchases ledger (under the name of each supplier) and also posted to Purchases account in the general ledger.

Below is the description of each column used in the purchases journal:

- (i) Date: This column is used to record the date of purchases invoice.
- (ii) Particulars/Name of supplier: This column records the names of suppliers whose individual accounts are maintained in the purchases ledger.
- (iii) Invoice number: The purchases invoice number is written in this column for reference purposes in the future when receiving payments.
- (iv) Folio: This is reference to either account number or page number in the purchases ledger.
- (v) Amount: In this column, the net amount as per invoice is recorded.

(c) Sales returns day book (Returns inwards journal)

The sales returns day book, sometimes referred to as the *sales returns journal* or *returns inwards journal*, is a book of prime entry in which sales returns are recorded.

When a customer returns goods that were bought, a credit note is issued, and details are appropriately recorded in the Sales returns day book.

Sometimes, a buyer may return goods due to various reasons such as poor quality, excess goods, untimely delivery or expired goods.

Customers who return goods are issued with credit notes which are serially numbered and are similar in form to the invoice, though are usually printed in red ink. Credit notes issued to customers are source documents used to record returns of goods to sales returns day book.

Format 3.3: Sales Returns Day Book

Date	Name of customer	Credit note No.	Folio	Amount
2018 Jan 12	Mrs. Paschal Kulia	789545		45,000
Jan 15	Josephine Mdamu	785442		25,000
Jan 17	Kakakuona Muya	452112		15,000
Jan 18	Kufakunoga Mwita	852112		35,200
	Total			<u>120,200</u>

Each credit note is recorded into Sales returns day book as shown above, and subsequently posted into sales ledger (under the name of each customer) and also posted into sales returns account in the general ledger with the intention of reducing the amount owing and recorded sales respectively.

Below is the description of each column used in Sales returns day book:

- (i) Date: This column is used to record the date of credit note.
- (ii) Particulars/Name of customer: This column records the names of customers whose individual accounts are maintained in the sales ledger.
- (iii) Credit note number: The credit note number is written in this column for reference purposes in the future when receiving payments.
- (iv) Folio: This is reference to either account number or page number in the sales ledger.
- (v) Amount: In this column, the amount as per credit note is recorded.

(d) Purchases returns day book (Returns outwards journal)

The purchases returns day book, sometimes referred to as the purchases returns journal or returns outwards journal, is a book of prime entry in which purchase returns are recorded.

On returning of goods bought, a debit note is issued where details are appropriately recorded into the purchases returns day book. When goods are returned to suppliers, a credit note may be received. In the absence of a credit note from the supplier, a debit note may be raised and sent to the supplier stating the amount of allowance to which a business entity is entitled.

The buyer may return goods due to various reasons such as:

- Some products not working properly as expected.
- Wrong product size or wrong product shipped compared to the order.
- Goods which have expired, of poor quality, or out of fashion.

Format 3.4: Purchases Returns Day Book

Date	Name of Supplier	Debit note No.	Folio	Amount
2018 Jan 12	Mrs. Imelda Cosmas	452111		55,000
Jan 15	Bryrian Honest	452112		15,000
Jan 17	Hollywood Best	453278		25,000
Jan 18	Herieth Cosmas	453287		12,200
	Total			<u>107,200</u>

Each debit note is recorded into purchase returns day book as shown above, and subsequently posted into purchases ledger (under the name of each supplier) and also posted into purchase returns account in the general ledger with the intention to reduce the amount owing and recorded purchases respectively.

Brief explanations of columns used in the above format of purchase returns day book are as follows:

- (i) Date: This column is used to record the date of debit note.
- (ii) Particulars/Name of supplier: This column records the names of suppliers whose individual accounts are maintained in the purchases ledger.
- (iii) Debit note number: The debit note number is written in this column for reference purposes in the future when requesting payments.
- (iv) Folio: This is reference to either account number or page number in the purchases ledger.
- (v) Amount: In this column, the amount as per debit note is recorded.

In this chapter, it has been assumed only one nature of transaction for both sales and purchases, in practice, business entities make transactions for different types of stocks, hence more than one column for 'Amount' is maintained.

(e) Petty cash book

Literally the word 'Petty' means trivial, small, insignificant and negligible. The petty cash book is a journal or day book which records all cash payments with small values. Most businesses keep a small amount of cash in the office to facilitate occasional small payments in cash, for example payments of postage stamps, telephone, and stationary, and the cash set aside for this kind of transactions is called the cash float or petty cash account.

Source document used in this book of prime entry is known as petty cash book voucher.

Format 3.5: Petty Cash Book

Receipts	Date	Particulars	Petty cash voucher no.	Total expenses	Office expenses	Motor vehicle expenses	Clearing expenses	Sundry exp.
	2018 March							
50,000	01	Balance b/d						
200,000	02	Cash	12					
	03	Cleaning material	42	25,000			25,000	
	04	Motor vehicle maintenance	43	20,000		20,000		
	09	Stationary	44	15,000	15,000			
	12	Fuel for motor vehicles	45	35,000		35,000		
	17	Casual labour	46	55,000				55,000
	20	Donation to orphans	47	10,000				10,000
	25	Brushes	48	5,000			5,000	
				165,000	<u>15,000</u>	<u>55,000</u>	<u>30,000</u>	<u>65,000</u>
	31	Balance c/d		85,000	GL	GL	GL	GL
<u>250,000</u>				<u>250,000</u>				
85,000	April 01	Balance b/d						

A brief explanation of columns used in above format of Petty cash book is as follows:

- (i) Receipts: Cash float received from the chief cashier is recorded in this column.
- (ii) Date: This column is used to record the date on which a transaction is made.
- (iii) Particulars: This column is used to record narrations regarding the nature of expenses and the receipts that have been made in this subsidiary ledger.
- (iv) Petty cash voucher number: This records the petty cash number for reference purposes.
- (v) Total expenses: This record the amount paid as per petty cash voucher.

Note:

Petty cash book chapter will be covered in detail in Illustrated Book-keeping book for Secondary schools Form Two, Chapter 2. In some books Petty cash is presented as part of cash book.

(f) A Cash book

This is a type of subsidiary book where cash and bank receipts and payments transactions made by a business entity are recorded in a chronological order.

Cash book plays a dual role since it is both a book of original entry as well as a book of final entry. Receipts are recorded on debit side of the cash book while payments are recorded on the credit side of the cash book.

It is a journal as cash transactions are chronologically recorded and it is a ledger since it contains classified records of all cash transactions.

Source documents used are Receipts for cash received and Payment vouchers (PV) for cash payments.

There are three types of cash books, namely:

- Single column cash book,
- Double column cash book and
- Three column cash book.

(i) Single column cash book

This is a cash book that is used to record only cash transactions of a business entity. It is very identical to a traditional cash account in which all cash receipts are recorded on the left hand (debit) side and all cash payments are recorded on the right hand (credit) side in a chronological order.

The single column cash book has only one cash column on both debit and credit sides titled 'Amount', which is periodically totaled and balanced like a 'T' account.

(ii) Double column cash book

This is a cash book with two columns for cash and bank transactions. The cash column records all cash transactions while the bank column records all transactions made through bank accounts.

(iii) Three column cash book

This is a cash book with three columns on each side - debit and credit. The first column is used to record cash transaction, while the second is used to record bank transactions and the third is used to record discounts received or allowed.

In this chapter, only the single column cash book will be dealt with in detail.

Format 3.6 (For Cash Transaction Only)

Dr				Cash Book (Single Column)				Cr			
Date	Particulars	F.	Amount	Date	Particulars	F.	Amount				
2016 Sept.				2016 Sept.							
01	Capital		10,940,000	23	S. Wille		277,000				
02	M. Buni		315,000	29	Cash		120,000				
07	Cash		50,000	30	Wages		398,000				
15	Sales		490,000	30	Balance c/d		11,000,000				
			<u>11,795,000</u>				<u>11,795,000</u>				
Oct. 01	Balance b/d		11,000,000								

Below is a description of each column used in the single column cash book:

- (i) Date: This column contains the date of a transaction.
- (ii) Particulars: This column is used to record narrations regarding the nature of receipt and payment transactions.
- (iii) Folio: This is a reference to either account number or page number in the ledger.
- (iv) Amount: This column shows the value of each transaction; amount in the debit side for receipts and amount in the credit side for payments.

(g) General journal (Journal proper)

This is defined as a book of original entry (simple journal) in which various transactions which are not covered in any other books of prime entry are chronologically recorded.

Among the transactions recorded in Journal proper are:

- (i) Depreciation charge.
- (ii) Correction of errors.
- (iii) Accrual of expenses.
- (iv) Disposal of fixed asset.
- (v) Opening business entries in order to determine capital.
- (vi) Transfers from one account to another.

Source document used in this book of prime entry is Journal Voucher (JV).

Format 3.7: General Journal

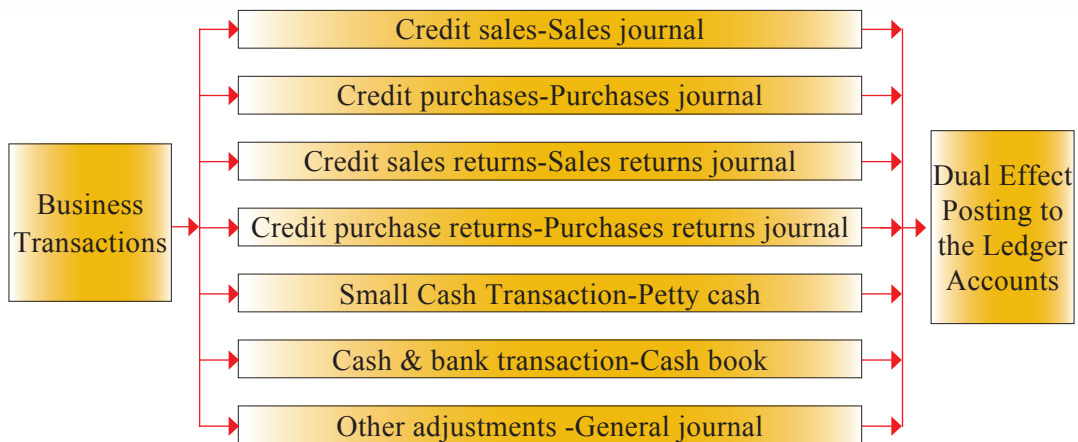
Date	Particulars	Voucher No.	Folio	Amount	
				Debit	Credit
2018 March 30	Electricity expenses	015		2,015,660	
	Accrued expenses				2,015,660
	Being electricity accrual for the month of March 2018				
2018 June 30	Depreciation expenses	016		544,000	
	Accumulated depreciation				544,000
	Being depreciation for the month of June 2018				

A general journal entry includes the date of the transaction, the titles of the accounts debited and credited, the amount of each debit and credit, and an explanation of the transaction also known as a narration.

Below is the description of each column used in the General journal:

- (i) Date: This column contains the date of recording a transaction.
- (ii) Particulars: This column contains narrations of account involved.
- (iii) Voucher number: This column contains reference numbers of Journal vouchers (JV).
- (iv) Folio: This is reference to either account number or page number in the ledger.
- (v) Amount: This column shows the value of each transaction. The account debited is recorded in the 'debit' column while the account credited is recorded in the 'credit' column.

Summary of nature of transactions recorded to each books of prime entry



3.4 Uses of books of prime entry

As mentioned earlier, books of prime entry refer to the accounting journals in which business transactions are first recorded and subsequently summarised and posted into respective general ledgers, from which financial statements are produced.

The followings are the uses of books of prime entry:

- Resulting in division of work, ensures each clerk works independently in recording original entries in day books.
- It gives details or explanations of the recorded transactions.
- It acts as memorandum book.
- It records transactions when it occurs. So, it is possible to get detailed day-to-day information.
- It provides the basis for posting to the ledger. A journal is the basis of ledger posting and the ultimate Trial Balance.
- It facilitates recording of any types of transaction before becoming part of the double-entry book-keeping system.
- It enables to find out how each transaction will financially affect a business. Each transaction is analysed into either debit or credit aspect.
- It contains a chronological record of transactions for future reference.

3.5 Documents used in books of prime entry

Below are source documents which are used in books of prime entry:

- Sales invoice,
- Purchases invoice,
- Credit note,
- Debit note,
- Petty cash voucher,
- Cheques, receipts and payment vouchers and
- Adjustment or Journal voucher.

- (a) **An invoice** is a commercial document issued by a seller to a buyer, relating to sales transaction and indicating the products, quantities, and agreed prices for products or services the seller had provided to the buyer.

From the point of view of a seller, an invoice is a *sales invoice* whereas from the point of view of a buyer, an invoice is a *purchase invoice*. The document indicates the buyer and seller. The term *invoice* indicates money is owed or owing.

INVOICE					
BEST QUALITY PUBLISHERS					
P.O. BOX 79691 PHONE 255 709 767675 DAR ES SALAAM					
E-mail: acknowledge70@bqpgroup.com					
To:					
Mwanzo Trading Company					
P.O. Box 8827		Account no:	3993		
Dar es Salaam		Your Order no:	3310		
		Our invoice:	9164		
		Date:	20 th October 2018		
Product code	Description	Quantity	Price per unit Tshs.	Unit	Total (Tshs)
45B	Modern Commerce	80	10,000.00	Copies	800,000.00
88AB	Illustrated Book Keeping	60	15,000.00	Copies	900,000.00
22BC	Cello pens, blue	40	1,200.00	Dozen	48,000.00
					1,748,000.00
Albert SALES MANAGER			VAT 18%		314,640.00
SIGNATURE			TOTAL		2,062,640.00
E &O.E					

Figure 3.1: Invoice

- (b) **Credit note** is a note or document sent by the supplier to the customer notifying the customer that credit has been made in the invoice. It is issued to correct an overcharge amount in the invoice formerly raised mainly due to reasons like wrong quantities supplied which are not required or goods damaged on the way.

CREDIT NOTE					
BEST QUALITY PUBLISHERS					
P.O. BOX 79691 PHONE 255 709 767675 DAR ES SALAAM					
E-mail: acknowledge70@bqpgroup.com					
To:					
Mwanzo Trading Company					
P.O. Box 8827		Account no:	12157		
Dar es Salaam		Your Order no:	3993		
		Our invoice:	9164		
		Date:	23 rd October 2018		
Product code	Description	Quantity	Price per unit Tshs.	Unit	Total (Tshs)
45B	Modern Commerce	10	10,000.00	Copies	100,000.00
88AB	Illustrated Book Keeping	8	15,000.00	Copies	120,000.00
					220,000.00
VAT 18%					39,600.00
Reasons for credit					
10 copies of Modern Commerce received - Not required					
8 copies of Illustrated Book Keeping received - Damaged					
TOTAL					259,600.00

Figure 3.2: Credit note

- (c) **Debit note** is a note or document issued by customer to supplier requesting for reduction of amount owing. A debit note is sometimes followed by a credit note for the same purpose.

DEBIT NOTE					
BEST QUALITY PUBLISHERS					
P.O. BOX 79691 PHONE 255 709 767675 DAR ES SALAAM					
E-mail: acknowledge70@bqpgroup.com					
To:					
Mwanzo Trading Company			Debit note no: 14521		
P.O. Box 8827			Account no: 3993		
Dar es Salaam			Your reference: 55		
			Our invoice: 9185		
			Date: 23 rd October 2018		
Product code	Description	Quantity	Price per unit Tshs.	Unit	Total (Tshs)
45B	Modern Commerce Bk 2	10	10,000.00	Copies	100,000.00
88AB	Illustrated Book Keeping Bk 1	8	15,000.00	Copies	120,000.00
					220,000.00
VAT 18%					39,600.00
TOTAL					259,600.00
Reasons for debit					
10 copies of Modern Commerce - Bk 2 - Not Supplied					
8 copies of Illustrated Book Keeping - Bk 1 - Not Supplied					

Figure 3.3: Debit note

- (d) **Petty cash voucher** is a voucher used to record payment for transactions of small value. It is used as evidence that transaction has taken place as well as to provide narrations for future reference.

Number 0045		Date 20/10/2018
Description of item/service purchased		Amount Tshs
Pay: Perfector Cosmas		20,000/-
Being transport expenses paid for sending documents to post offices.		
Charge to account	Total	20,000/-
A009/T3006		
Received by: Perfector Cosmas		Signature _____
Approved by: Brian Makundi (Accountant)		Signature _____

Figure 3.4: Petty Cash Voucher

- (e) **Cheque** is an instrument that orders a bank to pay the bearer a specific sum of money from a drawer's account. It can also be used to deposit or withdraw cash from a bank account.


 EXIM BANK <i>Innovation is life</i>	Date: 12/11/2018
Central Business District Dar es Salaam	
Pay: Ujiji Supermarket <i>or order</i>	Tshs. 1,000,000/=
Tanzanian shillings: <u>One million only.</u>	Drawer: <u>James M. Mitta</u>
Cheque number: 34341	Account number: 34113412411

Figure 3.5: Open cheque

- (f) **Receipt** is a commercial document written to acknowledge payment made. It is used as a source document to record cash receipts and payment in the cash book.

RECEIPT	
BEST QUALITY PUBLISHERS	
	P.O. Box 79691 Phone: 255 709 767675 Dar es Salaam.
RECEIPT NO: 37311	Date: 20 th Oct. 2018
REF INVOICE NO: 9164	
Received from:	<u>Mwanzo Trading Company, Mbagala Majimatitu - Dar es Salaam</u>
Amount in Tshs:	<u>Two million sixty two thousand six hundred and forty only</u>
Being:	<u>Settlement of 20th November 2018</u> Account: 3993
Tshs:	2,062,640.00 <i>Albert</i>
	SIGNATURE OFFICIAL STAMP
Cheque No: 5537 of NMB, Dar es Salaam	

Figure 3.6: Receipt

The table below summarises all source documents used to record transactions in various books of prime entry.

No.	Source document	Transaction type	Book of prime entry
1.	Sales invoice	Credit sales	Sales day book (or sales journal)
2.	Purchases invoice	Credit purchases	Purchases day book (or purchases journal)
3.	Credit notes	Returns inwards	Sales returns day book (or returns inwards journal)
4.	Debit notes	Returns outwards	Purchase returns day book (or returns outwards journal)
5.	Petty cash vouchers	All small cash transactions	Petty cash book
6.	<ul style="list-style-type: none"> ■ Cheque (Bank transaction) ■ Cash receipts ■ Payment voucher 	For receipts and payments of cash and cheques	Cash book
7.	Journal or adjustment vouchers	All transactions which are not covered in 1-6 above; mostly relate to adjustments	Journal proper or general journal

3.6 Recording of transactions into books of prime entry

Books of prime entry are books in which designated types of transactions are recorded before being posted to ledgers through double-entry book-keeping system. The most common books of prime entry are Sales and Purchases day books, cash book and journal proper. Steps to be followed in recording each day book are as follows:

(a) Sales day book

Sales day book records credit sales transactions.

The followings are the steps to be followed when recording business transactions in the sales journal:

Step 1: Record the name of the entity, for example Ujiji Supermarket.

Step 2: Record the name of the book of original entry, for example Sales Journal.

Step 3: Record the date from the source document as per sales invoice, for example 11/05/2018.

- Step 4: Record the name of the customer, for example B. Juma.
- Step 5: Record the invoice number as per sales invoice, for example 0011.
- Step 6: Record the folio number where the transaction is recorded.
- Step 7: Record the amount as per invoice for each transaction, for example Tshs. 2,500,000
- Step 8: Compute the summation of all credit sales transactions.

Illustration 3.1: Sales Day Book

Record the following transactions in the Sales Journal of Ujiji Supermarket

Date	Particulars	Invoice No.	Amount
11 May 2018	Credit sales of clothes to B. Juma	0011	2,500,000
13 May 2018	Credit sales of biscuits to H. Hadija	0012	1,500,000
25 May 2018	Credit sales of soda to W. Chacha	0013	3,500,000

Solution for illustration 3.1

Ujiji Supermarket

Sales Journal

For the month of May 2018

Date	Particulars	Invoice No.	Amount
2018 May 11	B. Juma	0011	2,500,000
May 13	H. Hadija	0012	1,500,000
May 25	W. Chacha	0013	3,500,000
	Total		<u>7,500,000</u>

(b) Purchases day book

Purchases day book records credit purchase transactions.

The followings are the steps to be followed when recording business transactions in the purchases journal.

- Step 1: Start with the name of the entity, for example Mwanzo Trading Company.
- Step 2: Specific name of the book of original entry, for example Purchases Journal
- Step 3: Record the date from the source document as per purchases invoice, for example 21/01/2018.
- Step 4: Record the name of the supplier, for example Ujiji Supermarket.
- Step 5: Record the invoice number as per purchases invoice, for example 015.
- Step 6: Record the folio number where the transaction is recorded.
- Step 7: Record the amount as per invoice for each transaction, for example Tshs. 1,200.000
- Step 8: Compute the summation of all credit purchase transactions.

Illustration 3.2: Purchases Day Book

Record the following transactions of Mwanzo Trading Company in a Purchases Journal.

Date	Particulars	Invoice No.	Amount
21 Jan. 2018	Company purchased goods on credit from Ujiji Supermarket	0015	1,200,000
25 Jan. 2018	Purchased products on credit from Masumin	0016	600,000
30 Jan. 2018	Purchased goods on credit from B. Sigh	0017	800,000

Solution for illustration 3.2

Mwanzo Trading Company
Purchases Journal
For the month of January 2018

Date	Name of Supplier	Invoice No.	Folio	Amount
2018 Jan 21	Ujiji Supermarket	0015		1,200,000
Jan 25	Masumin	0016		600,000
Jan 30	B. Sigh	0017		800,000
	Total			<u>2,600,000</u>

(c) Sales returns day book

Sales returns day book records the returns of goods by customers.

The followings are the steps to be followed when recording business transactions in a Sales returns day book.

- Step 1: Start with the name of the entity, for example James Company.
- Step 2: Specify the name of the book of original entry, for example sales returns day book.
- Step 3: Record the date from the source document as per credit note, for example 03/05/2018.
- Step 4: Record the name of the buyer, for example Mrs. Amina.
- Step 5: Record the credit note number as per credit note, for example 102.
- Step 6: Record the folio number where the transaction is recorded.
- Step 7: Record the amount as per credit note for each transaction, for example Tshs. 35,000
- Step 8: Compute the summation of all credit notes issued.

Illustration 3.3: Sales returns day book

James Company has received the following credit notes.

Date	Particulars	Credit no.	Amount
May 3	Mrs Amina	102	35,000
May 5	Mr Daudi	103	14,600
May 7	Mr Ikram	104	6,000
May 10	Mrs Jones	105	5,400

Solution for illustration 3.3**James Company****Sales Returns Day Book**

For the month of May 2018

Date	Name of Customer	Credit Note No.	Folio	Amount
2018 May 03	Mrs. Amina	102		35,000
May 05	Mr. Daudi	103		14,600
May 07	Mr. Ikram	104		6,000
May 10	Mrs. Jones	105		5,400
	Total			<u>61,000</u>

(d) Purchases returns day book

The purchases returns day book records goods returned to suppliers.

The followings are the steps to be followed when recording business transactions in the purchases returns day book.

Step 1: Start with the name of the entity, for example Ujiji Supermarket.

Step 2: Specify the name of book of original entry, for example purchases returns day book.

Step 3: Record the date from the source document as per debit note for example 06/05/2018.

Step 4: Record the name of the buyer, for example Ramos.

Step 5: Record the debit note number as per debit note, for example 124.

Step 6: Record the folio number where the transaction is recorded.

Step 7: Record the amount as per debit note for each transaction, for example Tshs. 1,000,000.

Step 8: Compute the summation of all debit notes issued.

Illustration 3.4: Purchase returns day book

Record transactions into Purchase returns day book of Ujiji Supermarket.

Date	Name of supplier	Debit no.	Amount
May 6	Mr. Ramos	124	1,000,000
May 7	Mr. Fernando	127	1,800,000

Solution for illustration 3.4

Ujiji Supermarket
Purchase Returns Day Book
For the month of May 2018

Date	Name of supplier	Debit Note No.	Folio	Amount
2018 May 06	Mr. Ramos	124		1,000,000
May 07	Mr. Fernando	127		1,800,000
	Total			<u>2,800,000</u>

(e) Single column cash book

This is a book in which only cash transactions are recorded. The term single column means there is one column for amount on each side of the cash book. There is the left column on the debit side where cash received is recorded and the right column on the credit side where cash paid is recorded.

While recording transactions in a single column cash book, the following steps will be followed:

- Step 1: Start with the name of the entity, for example Ujiji Supermarket.
- Step 2: Specify the name of the day book, for example cash book.
- Step 3: Record the date of the transaction as per receipt or payment voucher.
- Step 4: Write the transaction of an account of the receipt or payment, for example receipt from Mr. M. Boon.
- Step 5: Record the folio number where the transaction is recorded.
- Step 6: Record the debit amounts for all receipts and credit amounts for all payments, for example a cash receipt from M. Boon Tshs. 315,000 or Payment voucher to S. Wills with Tshs. 277,000
- Step 7: Find the total amount for all receipts and payments and balance the cash book.

Illustration 3.5: Single column cash book

Ujiji Supermarket uses a single column cash book to record all cash transactions. They made the following cash transactions during the month of September 2017.

- Sept. 01: Cash in hand at the start of the month Tshs. 4,654,000
- Sept. 02: Paid salaries to employees for the last month Tshs. 3,000,000
- Sept. 05: Cash received from S & Co. for a previous credit sales Tshs 2,720,000.
- Sept. 06: Merchandise purchased for cash Tshs. 1,400,000
- Sept. 07: Merchandise sold for cash. Tshs 4,700,000
- Sept. 10: Office furniture purchased for cash Tshs. 3,080,000
- Sept. 12: Stationary purchased for cash Tshs. 170,000
- Sept. 15: Merchandise sold for cash Tshs. 9,000,000
- Sept. 17: Cash paid to A& Co, for a previous credit purchase Tshs. 1,780,000.
- Sept. 20: Merchandise purchased for cash Tshs. 2,460,000
- Sept. 21: Merchandise sold for cash Tshs. 4,680,000
- Sept.24: Cash received from S & Co. for a previous credit sales Tshs. 2,400,000.
- Sept. 28: Cash paid for office rent Tshs. 1,600,000
- Sept. 30: Merchandise sold for cash Tshs. 7,200,000

Solution for illustration 3.5

Ujiji Supermarket

Dr				Cr			
Cash Book (single column)							
Date	Particulars	F.	Amount	Date	Particulars	F.	Amount
2017 Sept.				2017 Sept.			
01	Capital		4,654,000	02	Salaries		3,000,000
05	S & Co.		2,720,000	06	Purchases		1,400,000
07	Sales		4,700,000	10	Off. Furniture		3,080,000
15	Sales		9,000,000	12	Stationery		170,000
21	Sales		4,680,000	17	A. & Co.		1,780,000
24	S & Co.		2,400,000	20	Purchases		2,460,000
30	Sales		7,200,000	28	Office Rent		1,600,000
				30	Balance c/d		21,864,000
			<u>35,354,000</u>				<u>35,354,000</u>
Oct. 01	Balance b/d		21,864,000				

Illustration 3.6: Single column cash book

Lupelo started business on 1st January, 2014 having transferred Tshs. 96,000 from his private bank account to the business office. During the month of January, he carried out the following transactions:

2014 January

- 1 Paid Tshs. 4,800 for rent for the month and made purchases of Tshs. 38,300.
- 2 Paid Tshs. 3,800 for stationery and Tshs. 1,920 for stamps.
- 4 Cash sales Tshs. 17,280 and purchased goods for cash Tshs. 60,000.
- 7 Paid Tshs. 2,880 in respect of wages to an assistant.
- 10 Borrowed Tshs. 48,000 from Katondo, a friend.
- 13 Bought a used pick-up vehicle for Tshs. 92,160 from Karanga against Tshs. 19,200 deposit.
- 19 Cash sales Tshs. 42,240
- 20 Paid wages for two weeks, Tshs. 5,760.
- 21 Cash sales Tshs. 40,000

- 22 Commission received Tshs. 20,000
 23 Bought goods from Webuye Wholesalers Ltd, for Tshs. 62,400 on credit.
 29 Drew Tshs. 28,800 for private use.
 30 Cash sales Tshs. 26,880
 31 Paid another Tshs. 57,600 off pick-up account.

Solution for illustration 3.6

Lupelo Trading

Dr				Cr			
Cash Book (single column)							
Date	Details	Folio	Amount	Date	Folio	Details	Amount
2014 Jan.				2014 Jan.			
01	Capital		96,000	01		Rent	4,800
04	Sales		17,280	01		Purchases	38,300
10	Loan (Katondo)		48,000	02		Stationary	3,800
19	Sales		42,240	02		Stamps	1,920
21	Sales		40,000	04		Purchases	60,000
22	Commission		20,000	07		Wages	2,880
30	Sales		26,880	13		M/Vehicle	19,200
				20		Wages	5,760
				29		Drawings	28,800
				31		M/Vehicle	57,600
				31		Balance c/d	67,340
			<u>290,400</u>				<u>290,400</u>
Feb. 01	Balance b/d		67,340				

Illustration 3.7: Single column cash book

Record the following transactions in single column cash book of Mwanzo Trading Company 2012

			Tshs.
January	1	Mwanzo Trading Company started business with cash	200,000
	3	Bought goods for cash	140,000
	5	Paid for stationary	2,000
	7	Sold goods for cash	80,000
	10	Paid trade expenses	2,000
	11	Sold goods for cash	20,000
	14	Received cash from Mr. Mshana	10,000
	15	Paid cash to Mr. Panel	20,000
	18	Withdrew cash for personal use	6,000
	22	Bought goods for cash	40,000
	25	Sold goods for cash	90,000
	27	Paid electricity bill	4,000
	31	Paid salary	10,000
	31	Paid rent	3,000

Solution for illustration 3.7

Mwanzo Trading Company

Dr				Cash Book (single column)				Cr			
Date	Details	Folio	Amount	Date	Details	Folio	Amount				
2012 Jan.				2012 Jan.							
01	Capital		200,000	03	Purchases		140,000				
07	Sales		80,000	05	Stationary		2,000				
11	Sales		20,000	10	Trade exp.		2,000				
14	Mr. Mshana		10,000	15	Mr. Panel		20,000				
25	Sales		90,000	18	Drawings		6,000				
				22	Purchases		40,000				
				27	Electricity		4,000				
				31	Salary		10,000				
				31	Rent		3,000				
				31	Balance c/d		173,000				
			<u>400,000</u>				<u>400,000</u>				
Feb. 01	Balance b/d		173,000								

Illustration 3.8: Single column cash book

Record the following transactions in a single column cash book which relate to Ujiji Supermarket business in 2018.

Jan 1 st	Balance at bank Tshs. 60,000
Jan 2 nd	Paid wages Tshs. 25,000
Jan 3 rd	Paid rent Tshs. 3,800
Jan 4 th	Paid Asra on account Tshs. 25,000
Jan 5 th	Received Tshs. 35,000 on account from Lulu
Jan 6 th	Paid salaries Tshs. 15,000
Jan 7 th	Paid sundry expenses Tshs. 5,000

Solution for illustration 3.8**Ujiji Supermarket**

Dr				Cr			
Cash Book (single column)							
Date	Details	Folio	Amount	Date	Details	Folio	Amount
2018 Jan.				2018 Jan.			
01	Balance b/d		60,000	02	Wages		25,000
05	Lulu		35,000	03	Rent		3,800
				04	Asra		25,000
				06	Salaries		15,000
				07	Sundry exp.		5,000
				31	Balance c/d		21,200
			<u>95,000</u>				<u>95,000</u>
Feb. 01	Balance b/d		21,200				

Illustration 3.9: Single column cash book

Record the following transactions in the cash book of Mwanzo Trading Company:

		Tshs.
2018		
Oct. 1	Balance in bank	77,638
Oct. 3	Paid by Ismail	21,870
Oct. 3	Purchased land	40,695
Oct. 4	Purchased machinery	20,190
Oct. 6	Purchased goods from Chamrangi & Co. (On credit)	31,500
Oct. 8	Sold goods received cash	32,000
Oct. 12	Paid Tahim	5,500
Oct. 15	Paid life insurance premium for owners of business	2,250
Oct. 20	Cash sales	32,000
Oct. 22	Purchased goods on credit	8,400
Oct. 23	Received from debtors	30,000
Oct. 28	Paid rent	7,500
Oct. 28	Paid salary to Sachin (Accountant)	6,600

Solution for illustration 3.9

Mwanzo Trading Company

Dr				Cash Book (single column)				Cr			
Date	Particulars	Folio	Amount	Date	Particulars	Folio	Amount				
2018				2018							
Oct.				Oct.							
01	Balance b/d		77,638	03	Land		40,695				
03	Ismail		21,870	04	Machinery		20,190				
08	Sales		32,000	12	Tahim		5,500				
20	Sales		32,000	13	Drawings		2,250				
23	Debtors		30,000	28	Rent		7,500				
				28	Salaries		6,600				
				31	Balance c/d		110,773				
			<u>193,508</u>				<u>193,508</u>				
Nov.											
01	Balance b/d		110,773								

(f) General journal

A General Journal is used to record transactions relating to adjustment entries, opening stock and correction of accounting errors. It records transactions which are not handled by other books of prime entry.

The following are steps to be followed when recording transactions in a general journal.

- Step 1: Start with the name of the entity, for example Ujiji Supermarket.
- Step 2: Specify the name of the book of the original entry, for example general journal
- Step 3: Record the date from the source document as per journal voucher, for example 05/07/2018
- Step 4: Write the name of the account(s) to be debited or credited depending on the nature of the transaction.
- Step 5: Record the journal voucher number, for example 124.
- Step 6: Record the folio number where the transaction is recorded.
- Step 7: Record the amount as per journal voucher, for example Tshs. 2,000,000

Illustration 3.10: General Journal

Ujiji Supermarket was preparing third quarterly accounts where the Book keeper discovered that the electricity for the month of September 2017 was not accrued where bill for the month amounting to Tshs. 2,000,000 was to be accounted for in the books of the supermarket.

Meanwhile, the depreciation charge for one of the motor vehicles amounting to Tshs. 500,000 was not accounted for.

Record the above transactions into the general journal.

Solution for illustration 3.10

Ujiji Supermarket

General Journal

Date	Particulars	Voucher No.	Folio	Amount	
				Debit	Credit
2017 Sept 30	Electricity expenses			2,000,000	
	Accrued expenses				2,000,000
	Being electricity accrual for the month of September 2017				
2017 Sept 30	Depreciation expenses			500,000	
	Accumulated depreciation				500,000
	Being depreciation for the month of September 2017				

Illustration 3.11: General Journal

After being in business for some years without keeping proper records, now Bora Kupata has decided to keep a double entry set of books. On 1st July 2018, he established that his assets and liabilities were as follows:

- Assets: Motor vehicle Tshs. 3,700,000; Fixture and fittings Tshs. 1,800,000; Stock Tshs 4,200,000; Debtors Tshs. B. Bwanamdogo Tshs 95,000 and D. Blandina Tshs. 45,000; Bank balance Tshs. 860,000; Cash Tshs. 65,000

- Liabilities: Creditors Tshs. M. Quinne Tshs. 129,000, Charles Walter Tshs. 410,000
- Therefore, assets total is Tshs. (3,700,000 + 1,800,000 + 4,200,000 + 95,000 + 45,000 + 860,000 + 65,000) = 10,765,000; and

Liabilities total Tshs. (129,000 + 410,000) = 539,000

Capital consists of Assets – Liabilities

Tshs. 10,765,000 – 539,000 = 10,226,000

Hence, Capital is Tshs. 10,266,000.

As 1st July 2018 will be the first day of the accounting period, as that the date on which all assets and liabilities values was established. We will start the writing up the books on 1st July 2018 as follows:

1. Open a journal and make journal entries to record the opening assets, liabilities and capital.
2. Open assets accounts, one for each asset. Each opening asset is shown as a debit balance.
3. Open liabilities accounts, one for each liability. Each opening liability is shown as a credit balance.
4. Open a capital account which will be a credit balance.

Record all these opening journal entries into the books of Bora Kupata as at 1st July 2018.

Solution for illustration 3.11

Bora Kupata General Journal

Date	Particulars	Voucher no.	Folio	Amount	
				Debit	Credit
2018 July 01	Motor Vehicle			3,700,000	
	Fixture and Fittings			1,800,000	
	Stock			4,200,000	
	Debtors				
	B. Bwanamdogo			95,000	
	D. Blandina			45,000	
	Bank			860,000	
	Cash in hand			65,000	
	Creditors				
	M.Quinne				129,000
	Charles Walter				410,000
	Capital				10,226,000
	Being Assets, Liabilities and Capital accounts at this date of opening the books now recorded.				
					<u>10,765,000</u>

Recap of key issues covered in the chapter:



1. Books of prime entry are books in which transactions are recorded for the first time before being posted to their respective ledgers.
2. There are seven types of books of prime entry, namely: Sales day book, purchases day book, sales returns day book, purchase returns day book, general journal, cash book and petty cash book.
3. The key features of books of prime entry are as follows:
 - (i) transactions are recorded for the first time when they take place.
 - (ii) they are updated on a daily basis, immediately after a transaction is concluded.
 - (iii) transactions are recorded in a chronological order, i.e. in a date-wise order.
 - (iv) each transaction is followed by a brief explanation of the transaction which is called 'narration'.
 - (v) they record both debit and credit aspects of a transaction in a double entry system of book-keeping.
4. Uses of books of prime entry are:
 - (i) they enhance division of work, ensuring that each clerk works independently in recording original entries in day books.
 - (ii) they give details or explanations of the recorded transactions
 - (iii) they act as memorandum books.
 - (iv) they record transactions when it occurs. So, it is possible to get detailed day-to-day information.
 - (v) they provide the basis for posting to the ledger. A journal is the basis of ledger posting and the ultimate Trial Balance.
 - (vi) they support recording any types of transaction before becoming part of the double-entry book-keeping system.
 - (vii) they facilitate finding how each transaction will financially affect a business. Each transaction is analysed into the debit aspect and the credit aspect.
 - (viii) they contain chronological records of transactions for future reference.
5. Supporting documents used in the books of prime entry are cheque, purchase invoice, sales invoice, receipt, petty cash voucher, credit note, debit note and journal voucher.



Exercise

3

Section A: Choose the most correct answer.

1. A credit note is used to record type of transactions into one of the books of prime entry known as _____.
 - A. returns outwards journal
 - B. returns inwards journal
 - C. purchases ledger account
 - D. credit balance
2. Below are the books of prime entry except _____.
 - A. Sales day book
 - B. Purchases day book
 - C. General journal
 - D. Bank statement book
3. A source document for recording sales on account is called a _____.
 - A. petty cash voucher
 - B. sales invoice
 - C. sales ledger
 - D. debit note
4. Which of the following is one of the books of prime entry?
 - A. Sales day book
 - B. Credit note
 - C. Debit note
 - D. Petty cash voucher
5. A document received by a buyer from a seller when buying commodities on credit is called _____.
 - A. purchase invoice
 - B. debit note
 - C. statement invoice
 - D. private invoice
6. A book in which receipts and payment transactions are recorded is known as _____.
 - A. cash book
 - B. sales invoice book
 - C. trial balance book
 - D. journal book
7. Goods returned to a business by a customer are recorded in a _____.
 - A. Sales returns book
 - B. Purchases returns book
 - C. General ledger book
 - D. Special account book
8. The process of recording transactions in different books of prime entry is called _____.
 - A. Posting
 - B. Adjusting
 - C. Journalising
 - D. Entry making

9. There are _____ subsidiary books in accounting.
- A. Seven
 - B. Two
 - C. Three
 - D. Four
10. A document raised when goods are received from a debtor is known as _____ .
- A. debit note
 - B. sales invoice
 - C. goods received note
 - D. credit note
11. Credit notes issued by a firm will be recorded in its _____ .
- A. sales account
 - B. purchases returns account
 - C. sales returns account
 - D. purchase returns journal
12. _____ is a commercial document presented to a buyer by a seller or service provider for payment within a stated time frame that indicates what has been purchased, in what amount and for what price is called _____ .
- A. purchases invoice
 - B. voucher
 - C. sales invoice
 - D. none of these
13. The purchases journal is also known as the _____ .
- A. purchases day book
 - B. ledger account
 - C. purchase day account
 - D. none of these
14. A sales journal contains a list of _____ .
- A. cash sales
 - B. credit sales
 - C. credit purchases
 - D. cash purchases
15. Asha sold goods on credit to Shija for Tshs. 2,000,000 net of trade discount. In which book of prime entry will this transaction be recorded by Shija?
- A. Sales day book
 - B. Purchases day book
 - C. Purchases returns day book
 - D. Cash book
16. The credit note number is rewarded in the _____ .
- A. sales book
 - B. sales returns book
 - C. purchases returns book
 - D. purchases book
17. Journal proper is also known as _____ .
- A. general ledger
 - B. general journal
 - C. sales journal
 - D. sales ledger
18. Mr. Shaibu returned goods worth Tshs. 2,000,000 due to faulty of Mr. Nondo. In which book of prime entry should Mr. Nondo will record this transaction?
- A. The general journal
 - B. The purchases returns journal
 - C. The sales returns journal
 - D. The sales journal

19. Goods have been returned to Mr. Peter by Mr. David. In which book of prime entry should Mr. David record this transaction?
- A. Sales journal
 - B. Returns inwards book
 - C. Returns outwards book
 - D. General journal
20. A journal is a _____ .
- A. diary used to record all business transactions
 - B. part of the cash book
 - C. not part of the double entry system
 - D. none of the above

Section B: Answer the following questions.

21. Define the following terms:
- (a) Books of prime entry
 - (b) Cash book
 - (c) Purchases returns day book
22. Mention any four documents which are used to record transactions into the books of prime entry.
23. Write short notes on the following terms as used in book-keeping:
- (a) Sales day book
 - (b) Purchases day book
 - (c) General journal
24. Briefly explain the following documents as used in books of prime entry:
- (a) Credit note
 - (b) Debit note
 - (c) Receipt
25. Explain the following terms:
- (a) Day book
 - (b) Petty cash book
 - (c) Journal
26. Mention key information found in the invoice.
27. Briefly define sales invoice.
28. Differentiate an open cheque from an invoice.
29. Mention two other names used for books of prime entry.
30. Mention and give short notes on columns found in a general journal.

Section C: Fill in the blanks with the most correct word(s).

31. (a) 'Books of original entry' is the other name for _____ .
 (b) In the purchases journal, the name of _____ to whom goods were supplied is indicated.
 (c) The journal for recording returns of goods to the supplier is known as _____ .
 (d) A general journal is also known as _____ .
 (e) The debtor's ledger contains the account of _____ .
32. Mention four uses of books of prime entry.
 (a) _____ (b) _____ (c) _____ (d) _____
33. Name two sides of a ledger.
 (a) _____ (b) _____
34. Mention at least four importance of maintaining books of prime entry.
35. _____ is an accounting book used for recording expenses which are small and are of little value, for example stamps, postage and handling, stationery and carriage.

Section D: Match words from List A with those in List B.

36.

	LIST A	LIST B	
No.	Books of prime entry	Transaction type recorded	
(i)	Sales day book	A.	credit purchases
(ii)	Purchase day book	B.	credit sales
(iii)	Sales returns day book	C.	all transactions not recorded in other books of prime entry
(iv)	Cash book	D.	all small cash payment transactions
(v)	Petty cash book	E.	returns of goods sold on credit
(vi)	Journal proper	F.	all cash receipts and payment transactions

Section E: Write TRUE if a statement is correct or FALSE if a statement is not correct.

37. Cash payments made to a supplier for goods supplied are recorded in a cash book.
38. When a customer's invoice is issued for the sales of goods, a sales day book is used to record such transaction.
39. A sales day book records goods returned to a supplier.
40. The purpose of purchases returns day book is to record a credit note received from a supplier.
41. A purchases journal is a prime entry book used by businesses to record all credit purchases.
42. Books of prime entries are books in which transactions are initially recorded before being posted into their respective ledgers.
43. A petty cash voucher is a small sum of money set aside for office use.
44. A petty cash book is not one of the books of prime entry.

Section F. Problem solving questions.

45. Record the following transactions into a sales journal.

2018		Tshs.
May	1 Credit sales to K. Wanyama	152,500
	3 Credit sales to T. Hadija	82,000
	5 Credit sales to W. Charles	22,500
	7 Credit sales to F. Njotto	50,000

46. Ujiji Supermarket was not keeping proper books of accounts. They had details of their accounts and they have consulted you to help them record that information as a starting point of keeping proper books of accounts as at 1st January 2017. You are required to record the following transactions into the books of original entry of Ujiji Supermarket (General journal, sales journal, purchases journal, returns journal).

January 1st 2017

Assets: Buildings Tshs. 40,000,000, motor vehicle Tshs. 9,000,000, fixtures Tshs. 12,000,000; stock Tshs. 25,780,000; cash at bank Tshs. 25,080,000; cash in hand Tshs. 9,000,000 and loan – J. James Tshs. 55,000,000

January 1: Paid rent by cheques Tshs. 300,000.

January 2: Goods bought on credit from Mashamba Tshs. 400,000; C. Chacha Tshs. 1,120,000; Komba Tshs. 760,000; N. Nyaturu Tshs. 1,380,000.

January 3: Goods sold on credit to Buberwa Tshs. 1,800,000; Benjamin Tshs. 1,120,000; Bupe Tshs. 1,560,000; Nyoni Tshs. 2,360,000

January 9: Paid motor vehicle expenses in cash Tshs. 260,000

January 11: Cash drawings for personal use Tshs. 400,000

January 13: Goods returned to the business by Buberwa Tshs. 320,000 and Ole Sobhai Tshs. 360,000

January 14: Bought another motor vehicle on credit from Mtumbira Tshs. 6,000,000

January 16: The following paid the firm their accounts by cheque less 10% cash discount; Buberwa; Nyoni; Ole Sobhai

January 19: Goods returned by the firm to N. Nyaturu Tshs. 180,000

January 24: The following accounts were paid by the firm by cheque less 10% cash discount; Mashamba; C. Chacha; H. Komba

January 27: Salaries paid by cheque Tshs. 1,120,000

January 30: Paid electricity bill by cheque Tshs. 1,320,000

47. Record the following transactions into a General journal of Mwanzo Trading Company as used to start business on 1st January 2016.

2016 Jan. 1 Mwanzo Trading Company started business with cash Tshs. 1,000,000.

2 They purchased furniture on credit for Tshs. 200,000 from Ujiji Supermarket.

3 They purchased goods on credit for Tshs. 600,000 from Ally Juma recorded as cash purchases.

48. Record the following transactions into a General journal.

2014 Jan. 1 Ujiji Supermarket started business with cash Tshs. 8,000,000 and furniture Tshs. 2,000,000 as initial items to commence business.

2 Purchased furniture on credit worth Tshs. 3,000,000 from Mlokozi.

3 Purchased a motor vehicle on credit from KJ Motors for Tshs. 4,600,000.

5 Sold fittings on credit to Shigi for Tshs. 1,000,000 which was booked as cash sales.

49. From the given ledger balances, prepare a journal proper of Mwanzo Trading Company and ascertain its capital as at 31st December, 2015.

Particulars	Tshs.
Cash in hand	14,000
Cash at bank	20,000
Machinery	32,000
Stock	17,600
Motor vehicle	40,500
Furniture and fittings	10,000
Bank overdraft	16,800
Debtors: H. Malya	2,800
J. Masanja	13,000
Creditors: Rhoda	3,200
Leah	17,500
Loan from Wambura	44,000

50. Record the following transactions in a sales journal of Ujiji Supermarket.

May 1: Sold goods to Michael Kajembe
 20 exercise books @ Tshs. 500
 20 boxes of pencils @ Tshs. 1,000

May 15: Sold to Mzizima High School
 15 Atlases @ Tshs. 1,200
 30 Graph paper @ Tshs. 50

May 25: Invoice issued to Rozalia Rashid for
 goods sold Tshs. 9,000