



Prime Entry Books

Mr. Shihan Haneef



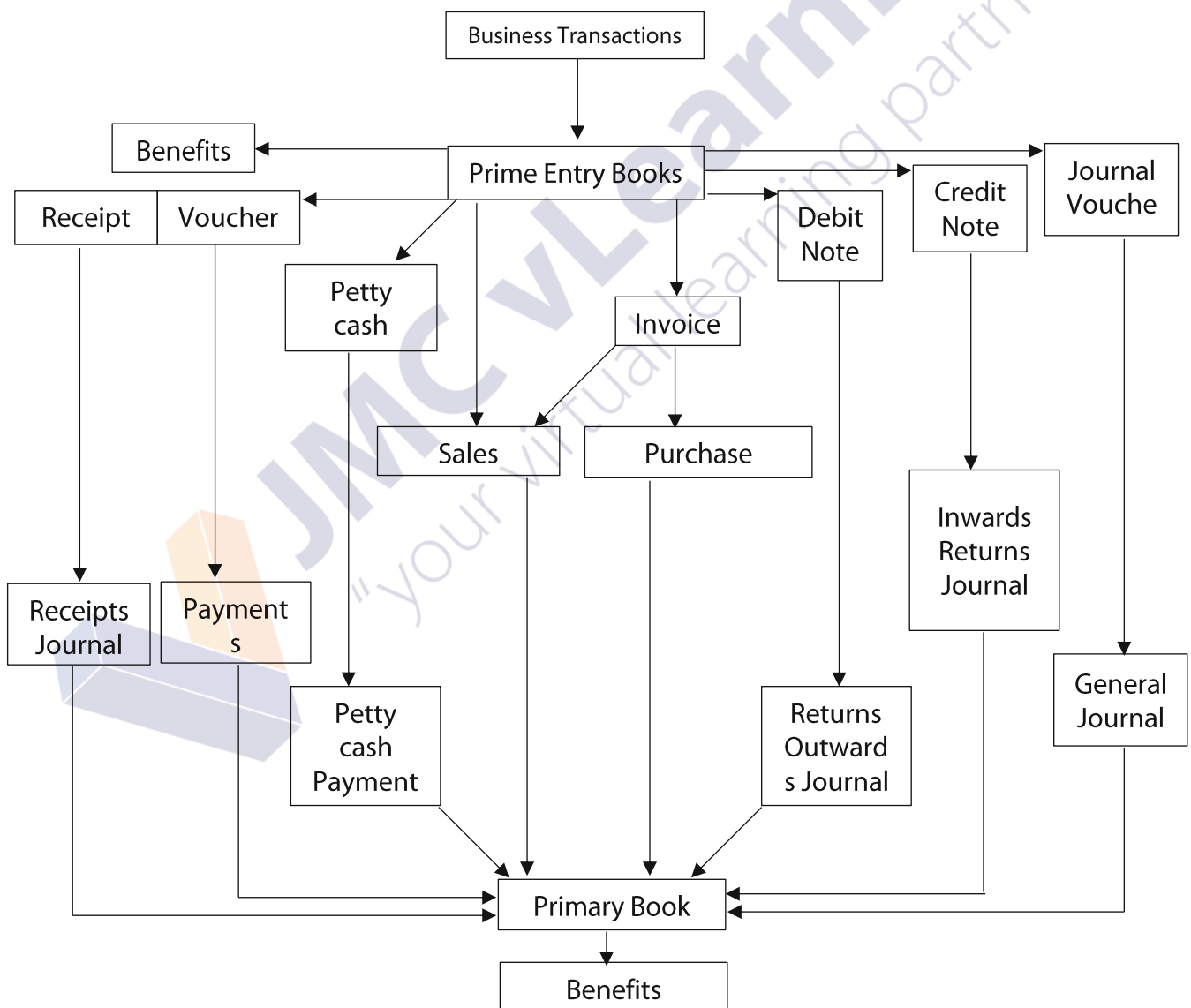
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Source Documents

In a business, various transactions take place daily which need to be recorded in the books (accounts) of the company. However, before they are recorded in the books, the company must be sure of the occurrence of the transaction. So, for every transaction there is a document containing the details and proof of each transaction. These are known as “source documents” or original documents.

- There are different types of source documents, with specific source documents being used for specific transactions.
- Important information about each transaction is included in these documents.
- These source documents are used as evidence of the transactions & to reveal shortcomings, errors, frauds and irregularities that occurred in the accounting process. Further, these documents are important to measure the reliability of the business transactions.



Major Prime Entry Books

In a fairly large business - thousands, millions of transactions may occur in a day. Therefore, it is very complex and difficult to record all these transactions on a double entry basis. Therefore, it is suggested that the transactions can be first recorded in some books of accounts and built up and which can then be used later to make the appropriate double entry in ledger accounts.

It has become more a practice than "rule" to enter any transaction first in a 'book of prime entry' and then the entries are "taken" or 'posted' to the ledger accounts.

Businesses maintain the following Primary Books based on the source documents, according to the nature of the transactions.

	Prime Entry Book	Type of Transaction	Source Document
01	Purchases daybook	Purchases of stock for resale on credit	Purchase Invoice
02	Sales daybook	Sales of stock on credit	Sales Invoices
03	Returns Outwards daybook	Returns of credit purchases	Debit Note
04	Returns Inwards daybook	Returns of credit Sales	Credit Note
05	Cash book	Cash & Cheque receipts and payment, Cash discounts	Cash receipts and payment vouchers
06	Petty cash book	Petty cash payments	Petty cash Payment vouchers
07	General journal	All other transactions	Journal voucher / Respective Corresponding Documents

Benefits of maintaining Prime Entry Books

1. Minimize error of omissions.
2. Quick discovery of such errors that have already occurred.
3. Keeping the business affairs under a proper control.
4. Ensuring reliability between customers and suppliers.
5. Maintaining similar transactions in the same journal.
6. Facilitate the accounting process through the maintenance of primary books by a Separate staff.

1. Purchases Daybook / Purchases Journal

- The book of prime entry used to record goods purchased on credit is the Purchases Journal or Purchases daybook
- The source document relevant to the Purchases Journal is the Invoice (Purchase Invoice).
- Sometimes a certain percentage will be reduced from the marked price when goods for trading are purchased, this is known as a Trade discount. The amount of the Trade discount is reduced from the invoice value only. There isn't a separate accounting entry.
- The suppliers who provide goods to the entity are creditors to the business. They are considered as liabilities of the business.

2. Sales Daybook / Sales Journal

- The book of prime entry used to record the sales of goods on credit is the Sales Journal or Sales daybook.
- The source document relevant to the Sales Journal is the Invoice (Sales invoice).
- When sales are made on credit, sometimes a percentage from the marked price may be reduced it is known as a Trade discount. This trade discount is only a reduction of the price in the invoice. It is not accounted for separately.
- Debtors are created when the business makes sales on credit, they are considered an asset to the business.

3. Returns outwards daybook / Purchases return journal

- Goods purchased on credit may be returned to the suppliers for the following reasons.
 1. The expiry date has passed
 2. The goods received being different to the order
 3. Goods supplied being damaged
 4. Delay in receiving goods
- The book of prime entry for recording goods returns is the Returns Outwards Journal or Returns Outwards Daybook.
- The source document used to record goods returns is the Debit Note.

4. Returns Inwards daybook / sales return journal

- Goods sold on credit may be returned by the customers for the following reasons:
 1. As the date of expiry has passed
 2. Goods supplied being different to what was ordered
 3. Being damaged goods
- The book of prime entry used to record the returns inwards is the Returns Inwards Journal or Returns Inwards book.

- The source document used as the basis to record returns is the Credit Note.

a. Purchases Day Book / Purchase Journal

Date	Invoice No.	Customer	Amount
01.04.16	001	Ruwan	15,000.00
05.04.16	002	Nuwan	16,000.00
21.04.16	003	Amal	13,000.00
		Total for 30.04.16	44,000.00

b. Sales Day Book / Sales Journal

Date	Invoice No.	Customer	Amount
04.04.16	101	Ajith	35,000.00
09.04.16	102	Kapila	34,000.00
22.04.16	103	Amila	34,000.00
		Total for 30.04.16	103,000.00

c. Return Outward Book / Purchases Return Journal

Date	Invoice No.	Customer	Amount
11.04.16	201	Ruwan	5,000.00
18.04.16	202	Nuwan	6,000.00
28.04.16	203	Amal	3,000.00
		Total for 30.04.16	14,000.00

d. Return Inward Book / Sales Return Journal

Date	Invoice No.	Customer	Amount
07.04.16	301	Ajith	5,000.00
09.04.16	302	Kapila	4,000.00
29.04.16	303	Amila	4,000.00
		Total for 30.04.16	13,000.00

Exercise 01

Following transactions are given for Mr. Mathew's Bookshop for the month of January 2016.

Date	Transaction	Amount
2/1	Purchased books from A Ltd	25,000
3/1	Sold books to X Ltd	18,000
4/1	Returned books from X Ltd	3,000
5/1	Purchased pens from B Ltd	28,000
6/1	Returned pens to B Ltd	6,000
7/1	Sold pens to Y Ltd	14,000
8/1	Sold pens to Z Ltd	32,000
9/1	Returned pens from Z Ltd	7,000
10/1	Purchased pencils from C Ltd	48,000
11/1	Purchased rulers from D Ltd	9,000
12/1	Returned rulers to D Ltd	4,000

5. Cash Book

Cash book is used to record all the cash transactions of a business cash includes both notes coins and cheques generally cash book is used as a subsidiary book as well as a ledger account. Therefore, it is said that cash book is a dual-purpose book. Once it is a subsidiary book and once it is a ledger account.

Types of Cash Books

I. Single Column cash book

Records only notes & coins (Cash in hand)

II. Two Column cash book

Records cash in hand in one column and bank balances in another Column.

III. Three column cash book

In addition to cash and bank transactions keep a separate column to record cash discounts.

I. SINGLE COLUMN CASH BOOK

Exercise 02

Below transactions are given for Mahinda's business for the month of January 2016.

Prepare cash book and ledger accounts for the month of January.

Date	Transaction	Amount
2/1	Mahinda invested cash	85,000
3/1	Purchased a vehicle	25,000
4/1	Cash purchases	10,000
5/1	Cash sales	18,000
6/1	Obtained a bank loan	30,000
7/1	Repayment of bank loan	12,000
8/1	Mahinda's drawings	23,000
9/1	Interest income received	48,000
10/1	Electricity expenses paid	16,000



Exercise 03

Followings are extracted from Basil's business for the month of April 2016. Prepare cash book and ledger accounts.

Date	Transaction	Amount
2/4	Basil invested cash	100,000
3/4	Credit purchases	50,000
4/4	Credit sales	60,000
5/4	Return inwards	5,000
6/4	Return outwards	4,000
7/4	Paid to creditors	25,000
8/4	Received from debtors	35,000
9/4	Rent paid	12,000
10/4	Dividend received	27,000

II. TWO COLUMN CASH BOOK



Exercise 04

Followings are extracted from Namal's business for the month of March 2016. Prepare cash book and ledger accounts.

Date	Transaction	Amount
2/3	Basil invested cash	100,000
3/3	Opened a current account in bank	50,000
4/3	Credit purchases	40,000
5/3	Credit sales	70,000
6/3	Paid to creditors by a cheque	15,000
7/3	Received a cheque from debtors	30,000
8/3	Deposited the above cheque in bank	
9/3	Insurance paid by a cheque	13,000
10/3	Obtained a bank loan	75,000
11/3	Purchase of equipment by a cheque	22,000
12/3	Debtors have directly deposited in bank	10,000
13/3	Withdraw money from bank	16,000
14/3	Owners drawings by a cheque	18,000

III. THREE COLUMN CASH BOOK

DISCOUNTS

Discount is the amount deducted or allowed from a value. There are basically 2 types of discounts available.

TRADE DISCOUNTS

When bulk purchases are made generally the seller will reduce the price. This price reduction is called as Trade discounts. Trade discounts are not recorded in books of accounts.

CASH DISCOUNTS

To collect the money from debtors promptly, the creditor will allow the debtor to pay a reduced amount. This reduction is called as cash discount. From the creditors point it is "discount allowed" (an expense.) And from the point it is "discount received" (an income) cash discounts are recorded in books of accounts.

Exercise 05

Followings balances extracted from Yoshitha's business as at 1/5/2016.

Cash 180,000, Bank 290,000, Debtors 120,000, Creditors 75,000.

Prepare the relevant ledger accounts.

Date	Transaction
2/5	Cash purchases 30,000 and Credit purchases 40,000
3/5	Cash sales 50,000 and Credit sales 70,000
4/5	Paid to creditors 21,000 Discounts received 4,000
5/5	Paid to creditors by a cheque 34,000 Discounts received 6,000
6/5	Received from debtors 58,000 Discounts given 2,000
7/5	Received a cheque from a debtor 23,000 Discounts given 7,000
8/5	Obtained 16,000 from bank for the use of the business
9/5	Paid by cheques - Salary 27,000, Rent 14,000, Insurance 6,000
10/5	Drawings – Cash 13,000, Cheque 8,000
11/5	Rent income received 21,000
12/5	Return inwards 11,000 , Return outwards 17,000
13/5	Investment income received by a cheque 9,000
14/5	While keeping 3,000 deposited all cash & cheques in the bank



Exercise 06

Suvini's business carries out all transactions through a Bank account. The balance in the bank account on Apr 01 was Rs. 1,200,000 the transactions during the month of April 2017 are given below:

Date	Original document No.	Details	Cheque No.	Amount (Rs.000's)
Apr 01	R.No.01	Cash Sales	135401	4,000
Apr 02	V.No.01	Cash purchases	350150	2,000
Apr 03	R.No.02	Received from Sudesh	Cash	1,500
Apr 04	V.No.02	Paid Sujani	350151	1,400
Apr 05	V.No.03	Paid Electricity bill	350152	300
Apr 06	R.No.03	Rent income	Cash	400
Apr 08	R.No.04	Received from Namal subject to 10% discount	125214	360
Apr 10	V.No.04	Paid Sudaraka subject to 10% discount	350153	180
Apr 12	V.No.05	Paid staff salaries	350154	120
Apr 14	V.No.06	Purchased motor vehicle	350155	2,500
Apr 15	R.No.05	Obtained Bank loan	Cash	3,000
Apr 18		Bank informed that Namal's cheque is dishonored	125214	360
Apr 20	V.No.06	Cash Sales	Cash	4,400
Apr 22	V.No,07	Paid Abdul (Discount received)	350156	450
Apr 24		Electricity payment cheque returned due to error	350152	300

Apr 26	V.No.08	Suvinils drawings	350157	100
Apr 28	V.No.09	Cash purchases	138146	1,300
Apr 29	R. No.07	Received from Hasitha	350158	350
Apr 30	V. No.10	Electricity expenses		300

Required:

- 1) Prepare the Cash Receipts Journal and Cash Payments Journal for Suvini's business for the month of April 2017.
- 2) Use the information from the Cash Receipts Journal and Cash Payments Journal to prepare the Cash Control account.

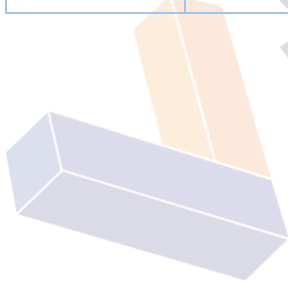


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Exercise 07

Following transactions are related to Gayani's business for the month of August 2012. Prepare the Cash payment journal and cash receipts journal.

05th Aug	Capital introduced by cash Rs. 75,000. Opened a bank account by depositing Rs. 30,000 from that money
05th Aug	Received a cheque from Aruni Rs. 950. Discount allowed Rs.500.
06th Aug	Paid cheque to Saman Rs. 4750. Discount received Rs. 250.
08th Aug	Deposited the cheque received from Aruni.
10th Aug	Cash purchases Rs. 3600.
12th Aug	Received cash from Ramani Rs.240. Discount allowed Rs. 50.
14th Aug	Aruni's cheque got dishonored
16th Aug	Purchased a type writer for Rs. 7500 and issued a cheque.
17th Aug	Cheque issued to Saman got dishonored
20th Aug	Cash sales Rs. 21,500
21st Aug	Kept Rs. 10,000 as cash in hand and balance deposited in the bank
25th Aug	Cash purchases Rs. 4500
26th Aug	Salaries paid by cheque Rs.5000, paid cash for stationary Rs.260.
28th Aug	Received rent Rs. 3000
29th Aug	Encashed a cheque for Rs.1250 and paid Rs. 750 as travelling expenses.
31st Aug	Cash drawings Rs. 250.



Exercise 08

On 2017.04.01 Rumal deposited Rs.800,000 in the business bank account to commence his trading business. Given below are the transactions that took place during the month of April.

Date	Description	Receipt/ Voucher	Cheque No.	Amount (Rs.)
Apr 01	Cash purchases	V1	800400	120,000
Apr 02	Purchase of furniture & fittings	V2	800401	80,000
Apr 02	Cash sales	R1	712520	200,000
Apr 03	Purchases from Athula			100,000
Apr 04	Sales on credit to Venura			150,000
Apr 05	Payment to Petty Cashier	V3	800402	10,000
Apr 06	Paid transport for goods inwards	V4	800403	5,000
Apr 07	Credit purchases from Vidath			80,000
Apr 08	Credit sales to Chatura			90,000
Apr 08	Loan from People's Bank	R3		300,000
Apr 09	Paid Athula. Discount received Rs.5,000	V5	800404	95,000
Apr 10	Received payment from Venura. Discount allowed 10%	R4	620703	135,000
Apr 12	Cash sales	R5	cash	250,000
Apr 14	Paid Building rent	V6	800405	20,000
Apr 15	Cash purchases	V7	800406	110,000
Apr 18	Paid Vidath - Discount received 10%	V8	800407	72,000
Apr 22	Receipts from Ravi - Discount allowed 10%	R6	cash	81,000
Apr 25	Paid wages	V9	800408	10,000
Apr 26	Drawings by Rumal	V10	800409	10,000
Apr 28	Commission received	R7	cash	8,000

Enter the above transactions of Rumal's business in the Cash Receipts Journal and Cash Payments Journal and then post them to the General Ledger.

6. Petty Cash Book

When there are large number of cash payments in a business, to support the functions of main cashier generally businesses will employ a "Petty cash cashier" The subsidiary book maintained by petty cash cashier to record the petty cash payments is called as "Petty cash book."

IMP REST SYSTEM OF PETTY CASH

In this method originally a particular amount of money is given to petty cash cashier by main cashier: which is known as petty cash float. During the period the petty cash cashier will make the payment out of the cash given at the end of the period the main cashier will reimburse him only the amount he has expensed during the period, thereby at the beginning of every period the petty cash cashier holds only an amount equates to petty cash float.

Petty cash book format

Cash	Date	Description	Amount	Expenses Analysis				Ledger
				Traveling	Postage	Distribution	Sundry	



Exercise 09

Following transactions have extracted from Mahela's business for the month of April 2016. Prepare petty cash book and record in ledger accounts.

Date	PC Vouch.	Transaction	Amount
1/4		Received float	1,000
3/4	201	Bus fare	50
4/4	202	Office cleaning	20
5/4	203	Taxi cost	40
6/4	204	Cleaning kitchen	70
7/4	205	Stamp	30
8/4	206	Distribution cost	40
9/4	207	Staff travelling	10
10/4	208	Envelopes	60
11/4	209	Fuel	80
12/4	210	Cleaning office	30
13/4	211	Postage	20
14/4	212	Stationery	60
15/4	213	Bus fare	50
16/4	214	Telegraph	10
17/4		Float reimbursed	

7. General Journal

- General Journal is used to record all other transactions, which are not recorded in any of the other subsidiary books.
- Generally following transactions are recorded in the general journal.
 1. Accounting books opening entries
 2. Accounts balancing (closing) entries
 3. Error Correction entries
 4. Adjustment entries
 - a. Closing inventory
 - b. Depreciation
 - c. Bad debts and doubtful debts
 - d. Accruals and prepayments
 5. Purchase of fixed assets on credit and sale of fixed assets on credit

General Journal Format

General Journal					
Date	Journal Voucher No	Description	LF	Debit	Credit

ACCOUNTING BOOKS OPENING ENTRIES

- When assets and liabilities of another business are acquired or after the end of an accounting period when new books are opened, above entries are recorded in general ledger. All the assets are recorded in the debit column and all the liabilities and equity recorded in the credit column in the general ledger.



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Exercise 10

Following are the account balances of Susanthika's business as of 31.03.2016. Record the opening entries in general Journal and compute the capital balance.

• Land	150,000
• Building	400,000
• Investments	150,000
• Trade debtor	52,500
• Trade creditors	31,000
• Inventory	96,000
• Cash in hand	55,000
• Bank Overdraft	30,000
• Bank loan	40,000
• Insurance prepayments	3,000

ACCOUNTS BALANCING (CLOSING) ENTRIES

- At the end of an accounting period the balances in expenses, losses, income and gains accounts are transferred to an account called "Trading, Profit and loss account" to compute the profit or loss during the period. The entries made in general journal for this purpose is defined as closing entries.
- There are mainly two types of entries.

1. Expenses and losses

Trading, profit & loss account	Debit
Respective expenses & loss account	Credit

2. Income and gains

Respective income & gains account	Debit
Trading, Profit & loss account	Credit

Balancing Accounts & Producing a Trial Balance

BALANCING OFF ACCOUNTS

- Totaling of transactions on a monthly basis.

THE TRIAL BALANCE

- The list of account balances in a double entry bookkeeping system.
- If the records have been correctly maintained, the sum of the debit balances will equal the sum of the credit balances. The trial balance is thus a list of the brought forward balances obtained by balancing off the ledger accounts.

QUESTION BANK - BOOKS OF PRIME ENTRY

Q 01 – AAT I 2018 Jul - Question 5

b) Ruwan Sahal is a wholesaler of rice. The following transactions are extracted from the book of Ruwan Sahal for the month ended 31st March 2018.

Date	Source Document	Description	Item details		
			Name	Quantity(kg)	Price Per Kg(Rs.)
01.03.2018	Invoice No.109	Credit purchases from AB Traders	White rice	1500	70
10.03.2018	Invoice No.231	Credit purchases from Anand Traders	Red rice	2000	60
25.03.2018	Invoice No.352	Credit purchases from Ravi and sons	Basmathi	1200	90
26.03.2018	Debit Note No.35	Returns outwards to Anand Traders	Red rice	200	-

You are required to:

Prepare the following for **Ruwan Sahal** for the month of March 2018.

- a) Purchase Journal (Purchase Day Book).
- b) Returns Outwards Journal (Purchase Returns Day Book).

(05 marks)

Q 02 – AAT I 2017 Jul – Question 02

- a) The following transactions are related to the credit purchases of Nalaka Book Shop for the 01st week of January 2017.

No	Date	Invoice No	Name of Supplier	Item Details			Trade Discount
				Description	Quantity (Units)	Price Per Unit (Rs.)	
1	01.01.2017	101	Sunimal	Exercise Books	100	90	2%
2	04.01.2017	303	Amal	Color pencil boxes	25	180	-
3	06.01.2017	14	Nimal	pencils	75	15	-

You are required to:

Prepare the purchases Day Book of Nalaka Bookshop for the 01st week of January 2017.



Q 03 – AAT I 2016 Jan – Question 02

- b) An extract of the petty cash transactions of Shanthi Traders during the first two weeks of January 2016 is given below. Shanthi Traders maintains a petty cash float of Rs.5,000/-.

January	Description
01 st	Received petty cash re-imburement of Rs.3,500/- from the main cashier.
02 nd	Expenses for new year celebration – Voucher No. 1 - Rs.1, 400/-.
03 rd	Purchased stationery items – Voucher No. 2 – Rs.560/-.
06 th	Payment for stamps and envelopes- Voucher No.3 – Rs.250/-.
07 th	Donation to a charity – Voucher No. 4 – Rs.150/-.
09 th	Payment to somadasa for cleaning – Voucher No.5 – Rs.600/-
11 th	Payment of Bus Fare – Voucher No.6 – Rs.50/-.

On 15th January 2016 main cashier reimbursed the petty cash imp rest.

You are required to:

Record the above transactions in the petty cash book Shanthi Traders.

Note: Classify petty cash expenses under: Stationery expenses, travelling expenses, postage, cleaning expenses and other expenses.

(06 marks)



Q 05 – AAT I 2014 Jul

A. The following transactions were extracted from books of Jack Electricals:

Date	Source Document	Quantity (units)	Item	Description	Price per Unit(Rs.)
06.06.2014	Invoice No.135	30	Switches	Credit sales to GD & Sons.	75/-
07.06.2014	Invoice No.136	50	CFL Bulbs	Credit sales to AB Ltd.	400/-
10.06.2014	Credit No.155	20	Switches	Returned by GD & Sons due to damages.	-
12.06.2014	Invoice No.137	100	Switches	Credit sales to OR Ltd.	60/-

You are required to prepare, the relevant prime entry books and transfer the balances to the relevant ledger accounts.

(07 ½ marks)



Q 06 – AAT I 2019 Jan Q5 (A)

The following transactions are related to the credit sales of Real Electricals for the month of March 2018:

Date	Invoice No.	Name of Customer	Item Details			
			Description	Quantity	Price per unit	Trade Discount
02.03.2018	256	Green Traders	Switches	75	115	-
15.03.2018	257	Mr.Nihal	Bulbs	100	230	10%
30.03.2018	258	Chandana Stores	Switches	110	115	-

You are required to:

Prepare the Sales Journal (Sales Day Book) of Real Electricals for the month of March 2018.



Q 07 – AAT I 2012 Jan Q5 (A)

A. The following transactions were extracted from the books of Stile Mart Computer Accessories shop:

Source Document	Date	Quantity	Description	Price
Invoice No.125	06.06.2011	100 CDs & 90 DVDs	Credit Sales to K&K Company	Rs.45/- per CD and Rs.60/- per DVD
Invoice No.126	07.06.2011	25 USB Drivers(4GB) 30 USB Drivers(8GB)	Credit Sales to Amal Ltd.	Rs.1000/- for one 4 GB USB & Rs.2000/- for one 8 GB USB
Invoice No.127	08.06.2011	10 External Hard Drivers(320GB)	Credit Sales to Amal Ltd.	Rs.12000/- per external hard drive (320 GB)
Credit No.22	10.06.2011	05 USB Drivers(4GB) 03 USB Drivers(8GB) 02 External Hard Drivers(320GB)	Returned by Amal Ltd. Because of damage	

You are required to prepare: the relevant prime entry books and transfer the balance to the relevant ledger accounts.

(07 ½ marks)



Q 08 – AAT I 2011 Jun Q4 (A)

A. The following transactions are related to **Maped Book Shop**:

No	Date	Quantity	Description	Price
1	2 nd June	200 pens 100 paper packets	Credit purchases from RS Ltd. Trade discount is 10% (for both items)	Rs.15/- per pen Rs.200/- per packet
2	7 th June	60 books	Cash purchases from PQ Ltd. Discount received is 5%	Rs.20/- per book
3	15 th June	4 chairs	Credit purchases from karolis Furnishing	Rs.1000/- per chair.
4	20 th June	80 ink bottles	Credit purchases from KM Ltd.	Rs.30/- per bottle
5	21 st June	20 ink bottles	Purchases returned to KM Ltd.	Rs.30/- per bottle
6	25 th June	20 paper packets	Credit sales to HK Ltd. Cash discount 5%, for settlement within one month.	Rs.210/- per packet

You are required to:

- State the appropriate prime entry book for each transaction.
- Prepare the purchase day book for **Maped Book Shop**.

(07 ½ marks)



Q 09 – AAT I 2019 Jul Q5 (B)

Amal Stores is a sole proprietorship which sells stationary items. Credit sales of **Amal Stores** for the month of March 2019 were as follows:

Date	Invoice No.	Name of Customer	Item Details			
			Description	Quantity	Price per Unit (Rs.)	Trade Discount
02.03.2019	217	ABC Ltd.	CR Books	75	140	5%
10.03.2019	218	Kamal	Pencils	120	6	-
25.03.2019	219	Perera	Pens	180	8	-

You are required to:

Prepare the sales Journal (Sales Day Books) of **Amal Stores** for the month of March 2019.



Q 10 – AAT I 2020 Jan Q5 (B)

Samaraweera Traders is a sole proprietorship and the following transactions have been extracted from the book of accounts of the business for the month ended 31st March 2019.

1. **Samaraweera**, the owner of the business transferred his personal motor vehicle of Rs.750, 000/- to the business on 01st March 2019.
2. A machinery was purchased for Rs.250,000/- from **XY Ltd.** On 15th March 2019 on credit basis.
3. An electricity bill of Rs.25, 000/- was debited to telephone expenses while other entry was correctly recorded.

You are required to:

Prepare the General Journal to record the above transactions.



Q 11

Following balances were extracted as at 01/01/2014 from the books of Amila's business (Rs.000')

Land & Building	1 000
Machinery	500
Furniture	150
Stocks	120
Bank	80
Debtors control	110
Cash in hand	50
Creditors control	82
Petty cash	2

Debtors list as at 01/01		Creditors list as at 01/01	
Udara	40	Senuri	50
Chamara	50	Nayana	32
Thushara	20		

Transactions took place during the month of January 2015 as follows:

01/01 petty cash float of Rs.3 000 has been reimbursed by issuing a cheque.

Credit sales at invoice price, which is subject to a trade discount of 10%.

01/04	Udara	80
01/16	Sampath	70
01/20	Chamara	40

Credit purchases, which is subject to a trade discount of 10%.

01/06	Senuri	70
01/10	Amila	100
01/26	Nayana	200
Return inwards at invoice price		

01/05	Udara	10
01/08	Sampath	20
Return outwards at invoice price		
01/12	Amila	20
01/27	Nayana	30

Purchased furniture worth of Rs.150 000 from Pamunugama stores on 10/01 and it should be settled in 10 equal installments within this year.

Petty cash payments were as follows:		
01/04	Carriage inwards	Rs.1 200
01/10	Purchase of stationary	Rs.800
01/20	Drink Bottles	Rs.200
01/25	Travelling	Rs.1 500

Cash Receipts			
Date	Debtor	Amount	Discount (Rs.000')
01/04	Udara	27	03
01/15	Thushara	18	02
01/28	Sampath	36	04

01/15 Cash sales Rs.150 000.

01/27 Owner has invested another Rs.100 000 as additional capital.

01/29 Received an income of Rs.18 000 for services provided.

Cash payments to creditors were as follows			
Date	Creditor	Amount	Discount (Rs.000')
01/10	Senuri	90	10
01/20	Amila	54	06
01/29	Nayana	135	15

Other payments were as follows: (Done in cheques)

01/10	Salaries	7
01/15	Electricity	4
01/20	Advertising	8

01//30 The machine was sold to Nalaka for Rs.4 200 000 on credit basis.

01/30 Paid installments of the bank loan and Pamunugama stores by issuing a cheque.

01/31 The value of the closing stock was Rs.1 000 000 and reimbursed the petty cash float.

Required:

1. Prepare prime entry books including receipts and payments cash journal
2. Prepare all ledger accounts in the general ledger and the Trial balance
3. Prepare all accounts in the subsidiary ledgers and list of balances.
4. Income statement and Statement of Financial position as at 31/12/2014.

