



## **SUBSIDIARY BOOKS**

### **Need and Use :**

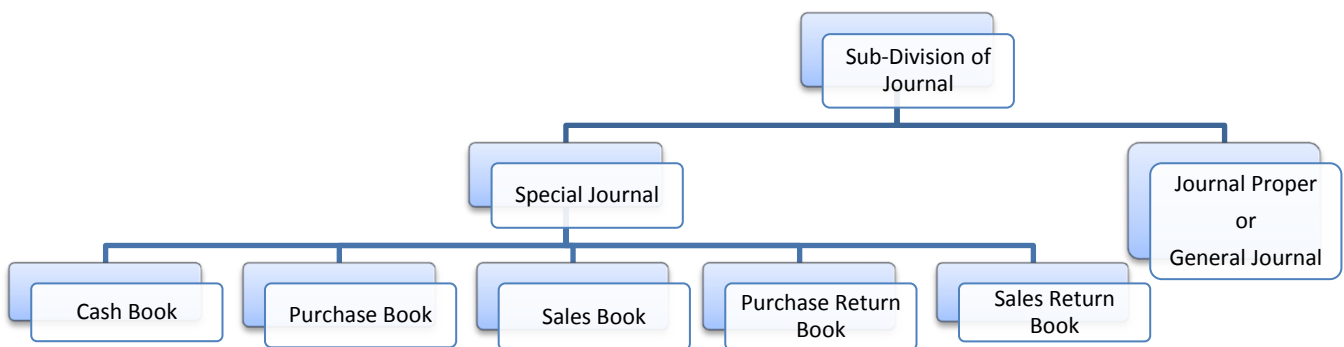
If the size of business is a small one, it may be possible to enter each and every transaction in one book only, i.e. Journal, which is generally known as the books of original entry. But when the size of the business grows and the number of transactions becomes very large, it is no longer possible to record all transactions in one Journal only and into a number of special journals. These **special journals** are also known as '**Subsidiary books**'. Or the '**Books of Original Entry**'. Thus the subsidiary books may be defined as books where the transactions are entered first and then ledger accounts are prepared on their basis. Following subsidiary books are most commonly used in a business:

### **Uses:**

Each subsidiary book is meant **for recording all the transactions of a similar nature**. For e.g. all cash transactions may be recorded in one book, all credit purchase transactions in another book and all credit sales transactions in yet another book, and so on

### **Classification :**

- **Cash Book:** This book is used for recording all transactions relating to cash receipts and cash payments
- **Purchase Book:** This book is used for recording the credit purchase of goods.
- **Sales Book:** This book is meant for recording credit sale of goods.
- **Purchase Return Book or Return outward Book:** When the goods previously purchased on credit are returned to the suppliers, such returns are recorded in this book.
- **Sales Return Book Or Return Inward Book:** When the goods previously sold on credit are returned by the customers.
- **Bills receivable Book:** This book is used for recording the receipts of bills receivables, promissory notes from various parties.
- **Bills Payable book:** This book is used for recording the issue of bills payables, promissory notes to various parties.
- **Journal Proper:** This book is used for recording the transactions which cannot be recorded in any of the above mentioned books.



## Formats

- 1) **Cash Book:** This book is used for recording all transaction relating to cash receipts and cash payments. All banking transaction relating to receipts and payments are also recorded in this book.

Dr.		Cash Book						Cr.	
Date	Particulars	J.F.	R. No.	Amount (Rs.)	Date	Particulars	J.F.	V. No.	Amount (Rs.)

- 2) **Purchase Book:** This book is used for recording the credit purchase of goods. But cash purchases and purchase of fixed assets are not recorded in this book..

Cash purchases of the goods are recorded in cash book and not in the purchase book



Following is the format of purchase book:

Purchase Book				
Date	Particulars	Inward Invoice No.	L.F.	Amount
(1)	(2)	(3)	(4)	(5)

- 3) **Sales Book:** This book is meant for recording credit sale of goods. Cash sale of goods and sale of articles other than goods are not recorded in this book.

Sales Book				
Date	Particulars	Outward Invoice No.	L.F.	Amount
(1)	(2)	(3)	(4)	(5)

4)

- 5) **Purchase Return Book or Return outward Book:** When the goods previously purchased on credit are returned to the suppliers, such return are recorded in this book. The goods may be returned due to not confronting to the specifications or defective goods or for any other reason. It is also known as Returns Outward Book.

The format of the Purchase Return Book is given as:

Purchase Return Book				
Date	Particulars	Debit Note No.	L.F.	Amount

- 6) **Sales Return Book Or Return Inward Book:** When the goods previously sold on credit are returned by the customers,, such returns are recorded in this book.



The format of the Sales Return Book is given as:

Sales Return Book				
Date	Particulars	Credit Note No.	L.F.	Amount Rs.

- 7) **Bills receivable Book:** This book is used for recording the receipts of bills receivables, promissory notes from various parties. The trader is to receive payment for these bills.

**Bills Receivable Book**

Date	From whom received	Term	Due date	L.F.	Amount

- 8) **Bills Payable book:** This book is used for recording the issue of bills payables, promissory notes to various parties. The trader is to make payment for these bills.

**Bills Payable Book**

Date	To whom given	Term	Due date	L.F.	Amount

- 9) **Journal Proper:** This book is used for recording the transaction which cannot be recorded in any of the above mentioned books. E.g. purchase of an asset on credit, depreciation on assets, expenses payable, bad debts etc. It is also known as journal proper, Modern journal or principle journal. Some authors call it only "journal".

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