

1. BOOK OF PRIME ENTRY

JOURNALS

Journal is French word meaning "**Daily Record**".

It is used to record transactions at first before the business man forget the exact details to post into respective ledger. Journal sometimes maybe called Books of prime entry or subsidiary books or books of original entry where entries are made prior to their posting to the respective ledger.

TYPES OF JOURNAL

Types of books of prime entry are as follows;

- i. Purchases journal/Day book.
 - ii. Purchases return journal.
 - iii. Sales Journal.
 - iv. Sales return journal.
 - v. Cash Book.
- a) Journal proper.

Types of ledger:

There are main three kinds/types of ledger where entries/transactions are posted from the books of prime entries such as;

- (a) Purchases ledger.
- (b) Sales ledger.
- (c) General ledger.

PURCHASES JOURNAL

Is the book which used to record daily purchases on credit only before posted to the ledger.

When goods are purchased on credit, the seller will send an invoice to the buyer.

Invoice: Is the document issued by the seller contain all informations concerned to the goods purchased/sold.

The individual entries in the purchase day book are immediately posted to the credit of the supplies or creditors account in the bought ledgers while the total of the purchased journal is posted to debit of the purchases account in the general ledger usually on last day of the month.

PURCHASES JOURNAL

DATE	PARTICULAR	F	INVOICE DETAIL	INVOICE TOTAL

EXAMPLE

Record the following business transaction in the purchases journal.

1st July bought on credit from Ketena Ltd

 20 bags of sugar each 15,000

 15 bags of wheat flour each 8,000

10th July brought credit from Salehe

 20 dozen exercise books each 1,600

2 cartons of duplicating paper 24,000

14th July bought goods on credit from Jengua worth 27,000

25th July bought on credit from Kiharusi

10 pairs of shoes each 12,000

14 boxes of shoes polish 7,000

Solution

PURCHASES JOURNAL

DATE	PARTICULARS	F	INVOICE DETAILS	INVOICE TOTAL
1 st July	<u>KATEME LTD</u> 20 bags of sugar @ 15,000 15 bags of wheat flour @ 8,000		300,000 <u>120,000</u>	420,000
10 th July	<u>SALEHE</u> 12 dozen of exercise book @ 1,600 2 cartons of duplicating paper @ 24,000 <u>JENGUA</u>		19,200 <u>48,000</u>	67,200

14 th July	Goods		27,000
	<u>KIHARUSI</u>		
25 th July	10 pairs of shoes each @12,000	120,000	
	14 boxes shoes polish @ 7,000	<u>98,000</u>	
			<u>218,000</u>
31 st July	Transferred to purchases A/C Dr. in the general ledger.		732,200

EXERCISE 1

Record the following business transaction in a purchases journal. Show the total credit purchases at the end of the month.

1st April bought on credit from WAZO HILI LTD.

50 bags of cement each 7,000

25 sheets of asbestos each 4,600

11th April bought from Aluminium African Ltd.

250 coecoqid icon sheet each 2,500

160 icon beans each 1,800

20th April bought from YEMEN ENTERPRISES goods worth 189,000

24th April bought on credit from KANUTI goods worth 320,000

30th April bought on credit from MNANDI

50 copies of civics books each 1,400

20 dozen of writing pad each 150

EXERCISE 2

Enter the following transaction in MLA WATU purchases day book and post to the ledger.

1st Nov bought from Shah Stores

5 dining tables with chair @ Tshs. 600

5 side table @ Tshs. 300

5th Nov purchases from Mzigo store

100 pairs of kanga @ Tshs.107

50 pairs of Vitenge @ Tshs. 107

10th Nov bought from wajamaa traders

10 bags of white sugar @ Tshs 575

25 bags of yellow beans @ Tshs 600

15th Nov bought from Lipangila traders

30 beds @ Tshs 450.

40 spring mattresses @ Tshs. 500

20th Nov bought from Kuleana traders

3 boxes of juice flavour @ Tshs.640

6 boxes of straw @ Tshs.190

40 boxes of glasses @ Tshs.1600

Solution.QN2

MLAWATU'S

PURCHASES DAY BOOK

DATE	PARTICULARS	F	INVOICE DETAILS	INVOICE TOTAL
1 st Nov	<p><u>SHAH STORE</u></p> <ul style="list-style-type: none"> - 5 dining tables with chair @ 600 - 5 side table at shs. @ 300 		<p>3,000</p> <p><u>1,500</u></p>	4500
5 th Nov	<p><u>MZIGO STORES</u></p> <ul style="list-style-type: none"> - 100 pairs of kanga at shs. @107 - 50 pairs of Vitenge at shs @ 107 		<p>10,700</p> <p><u>5,350</u></p>	16050

10 th Nov	<p><u>WAJAMAA TRADERS</u></p> <ul style="list-style-type: none"> - 10 bags of white sugar at shs @ 575 - 25 bags of yellow beans of shs @600 	5,750	
		<u>15,000</u>	20750
15 th Nov	<p><u>LIPANGIRA TRADERS</u></p> <ul style="list-style-type: none"> - 30 beds at shs@ 450 - 40 spring mattresses at shs. @500 	13,500	
		<u>20,000</u>	33500
20 th Nov	<p><u>KULEANA TRADERS</u></p> <ul style="list-style-type: none"> - 3 boxes of juice flavour @ 640 - 6 boxes of straw @ 190 - 40 boxes of glasses of shs. @1,600 	1,920	
		1,140	
		<u>64,000</u>	67060
31 st Nov	Transferred to purchases A/C Dr. in the General ledger		141860

PURCHASES LEDGERS

DR

SHAH STORES A/C

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
				1 st Nov	Purchases		4,500

DR

MZIGO STORES A/C

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
				5 th Nov	Purchases		16,050

DR

WAJAMAA TRADERS A/C

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
				10 th Nov	Purchases		20750

DR

LIPANGILA TRADERS A/C

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
				15 th Nov	Purchases		33,500

DR

KULEANA TRADERS A/C

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
				20 th Nov	Purchases		67,060

EXERCISE.3

Enter the following business transaction in the purchases journal of Kasime then post to the ledger accounts.

7th Sept bought from KITUNGUU

6 dozen of shoes each 2100

10 dozen of socks each 500

18th Sept bought goods on credit from KANYAMA TRADERS worth 6000

28th Sept bought on credit from BABAJE TRADERS

10 dozen of mathematical set each 3000

36 mathematics books each 2000

EXERCISE 4

Kabila enterprises made the following purchases during the month of January 2000.

1st Jan bought from Kilombero

100 bags of sugar 50kg of tshs. 8,000 each

50 bags of sugar 25kg of Tshs. 4000 each

5th Jan bought from Matatu shop

100 boxes of cooking fat @ Tshs 650

20 boxes of cooking fat @ Tshs 700

10th Jan bought from Moshi traders

100 pairs of raincoat at 120 each

60 pairs of rain boot of 430 each

15th Jan bought from Mombasa Stores

99 bags of salt 100kg at 450 each

25 bags of maize flour 10kg at 550 each

20th Jan purchases from Vijana enterprises

69 bags of sulphate ammonium 50kg at 850 each

102 bags of urea 10kg at 102 each

25th Jan bought from Bahari beach Hotel

25 used record player of 1500 each

50 used television of 6,000 each

Enter the above transaction to Kabila purchases day book and open the respective ledgers as well as General ledger.

Solution.QN3

KASIME'S

PURCHASES JOURNAL

DATE	Particulars	F	Invoice details	Invoice Total
7 th Sept	<u>KITUNGUU</u> - 6 dozen of shoes @ 2100 - 10 dozen of socks @ 500		12,600 <u>5,000</u>	17,600
18 th Sept	<u>KANYAMA TRADERS</u> - Goods			6,000
28 th Sept	<u>BABAJE TRADERS</u> - 10 dozen of mathematical set @ 3,000 - 36 mathematics books @ 2,000		30,000 <u>72,000</u>	
	Transferred to purchases a/c Dr. General ledger			102,000
30 th Sept				125,600

PURCHASES LEDGER

DR

KITUNGUU ^{A/c}

CR

DATE	DETAILS	F	AMOUN T	DATE	DETAILS	F	AMOUN T
				7 th Sept	Purchases		17600

DR

KINYAMA TRADERS ^{A/c}

CR

DATE	DETAILS	F	AMOUN T	DATE	DETAILS	F	AMOUN T
				18 th Sept	Purchases		6000

DR

BABAJE TRADERS ^{A/c}

CR

DATE	DETAILS	F	AMOUN T	DATE	DETAILS	F	AMOUN T
				28 th Sept	Purchases		102000

GENERAL LEDGER

DR		PURCHASES ^{A/c}			CR		
DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
30 th sept	Sundry creditors		125600	30 th sept	Balance c/d		125600
1 st oct	Balance b/d		125600				

Solution.QN4

KABILA'S

PURCHASES JOURNAL

DATE	PARTICULARS	F	INVOICE DETAILS	INVOICE TOTAL
1 st Jan	<p align="center"><u>KILOMBERO</u></p> <ul style="list-style-type: none"> - 100 bags of sugar 50kg of tshs. @ 8,000 - 50 bags of sugar 25kg of Tshs. @ 4000 		<p align="right">800,000</p> <hr style="width: 100px; margin-left: auto; margin-right: 0;"/> <p align="right">20,000</p>	820,000
5 th Jan	<p align="center"><u>MATATU SHOPS</u></p> <ul style="list-style-type: none"> - 100 boxes of cooking fat @ 650 - 20 boxes of cooking fat @ 700 		<p align="right">65,000</p> <hr style="width: 100px; margin-left: auto; margin-right: 0;"/> <p align="right">14,000</p>	
	<p align="center"><u>MOSHI TRADER</u></p>		<p align="right">12,000</p>	79,000

10 th Jan	- 100 pairs of raincoat at @ 120 - 60 pairs of rain boot of @ 430	<u>25,800</u> 44,550	
	<u>MOMBASA STORES</u>	<u>13,750</u>	
15 th Jan	- 99 bags of salt 100kg at @ 450 - 25 bags of maize flour 10kg at @ 550		37,800
		58,650	
	<u>VIJANA ENTERPRICES</u>	<u>10,404</u>	
20 th Jan	- 69 bags of sulphate ammonium 50kg at @ 850 - 102 bags of urea 10kg at @ 102		58,300
		37,500	
	<u>BAHARI BEACH HOTEL</u>	<u>300,000</u>	
25 th Jan	- 25 used record played of @ 1500 - 50 used television of @ 6,000		69,054
	Transferred to purchases A/C Dr in the general ledger		337,500

31 th Jan					1,401,654
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PURCHASES LEDGERS

DR KILOMBERO A/C CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
				1 st Jan	Purchases		820,000

DR MATATU SHOP A/C CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
				5 th Jan	Purchases		79,000

DR MOSHI A/C CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
				10 th Jan	Purchases		37,800

DR MOMBASA STORES A/C CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
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				15 th Jan	Purchases		58,300
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DR VIJANA ENTERPRISES A/C CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
				20 th Jan	Purchases		69,054

DR BAHARI BEACH HOTEL A/C CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
				25 th Jan	Purchases		337,500

GENERAL LEDGER

DR PURCHASES A/C CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
31 th Jan	Sundry creditors		1,401,654	31 st Jan	Balance c/d		1,401,654
1 st Feb	Balance b/d		1,401,654				

SALES DAY BOOK

When a sale taken place on credit, the seller send an invoice to the buyer. The invoice is made out in duplicate and the sellers retains a copy – This copy is the source document from which a sales journal is written up.

POSTING THE SALES JOURNAL TO THE LEDGER

When the sales day book is posted to the ledger each customer is debited with the goods which has been received and the firm whose books are being kept is credited with the sales figure. Every customers has been debited with the good invoiced to him or her, and then, becoming a debtor for that amount.

EXAMPLE.1

Malingumu traders made the following sales during the month of April, record in the sales journal and then post to the ledgers.

1 st April	sold to Jaluo stores
	100 bags of salt @ 5500
	50 bags of sugar @ 7,500
10 th April	sold to Majambozi
	15 boxes of cooking fats @ 1700
	12 pairs of sandals @ 650
16 th April	sold to Salome
	20 pairs of bed sheet @ 3000

50 T. Shirts @ 3500

20th April sold goods to Kalimanzira worth 36,000 on credit

30th April sold to Baraka

12 bunches of banana @ 2500

10 bags of potatoes @ 6000

Solution1

MALINGUMU TRADER'S

SALES JOURNAL

DATE	PARTICULARS	F	INVOICE DETAILS	INVOICE TOTAL
1 st Apr	<p><u>JALUO STORES</u></p> <ul style="list-style-type: none"> - 100 bags of salt @ 5500 - 50 bags of sugar @ 7,500 		<p>550,000</p> <p><u>375,000</u></p>	925,000
10 th Apr	<p><u>MAJAMBOZI</u></p> <ul style="list-style-type: none"> - 15 boxes of cooking fats @ 1700 - 12 pairs of sandals @ 650 <p><u>SALOME</u></p> <ul style="list-style-type: none"> - 20 pairs of bed sheet @ 3000 - 50 T. Shirts @ 3500 		<p>25,500</p> <p><u>7,800</u></p> <p>60,000</p>	33,300

16 th Apr			<u>175,000</u>				
							235,000
	<u>KALIMANZIRA</u>						
	Goods						
20 th Apr							
	<u>BARAKA</u>						
	- 12 bunches of banana @						
	2500				30,000		
	- 10 bags of potatoes @						
	6000				<u>60,000</u>		
30 th Apr	Transferred to Sales A/C Cr. in the general ledger.						
							90,000
							1,319,300
30 th Apr							

DR				JALUO TRADERS A/C				CR			
DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT				
1 st Apr	sales		92,500								

DR				MAJAMBOZI A/C				CR			
DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT				
10 th Apr	sales		33,300								

DR				SALOME A/C				CR			
DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT				
16 th Apr	sales		235,000								

DR				KALIMANZIRA A/C				CR			
DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT				
20 th Apr	sales		36,000								

DR				BARAKA A/C				CR			
DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT				
30 th Apr	sales		90,000								

GENERAL LEDGER

DR		SALES ACCOUNT				CR	
DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
30 th Apr	Balance c/d		1,319,300	30 th sept	Sundry debtors		1,319,300
				1 st May	Balance b/d		1,319,300

EXERCISE.1

Enter the following transaction into the sales journal of Mpangala and post to the ledgers.

- 1st Jan sales to P. Mpali
 - 16 national radio @ 3500
 - 25 record players @ 5200
- 7th Jan sold some equipment to Uyonga formed associates worth 19650
- 10th Jan sales to N. Sambamba
 - 60 footballs @ 1760
 - 100 pairs sport shoes @ 6000
 - 90 packets of socks @ 90
- 15th Jan sold music instruments to Tunsume Ben Band 17,000
- 19th Jan sold various music instruments to pay Demas month 16,200
- 25th Jan sold to Madinda Sec School

65 account books @ 500

10 dozen ball paint pencil @ 1200

40 dozen staff ledger @ 80

27th Jan sold forms tools to Hopetended and sons worth 9200

EXERCISE.2

Record the following transaction in the sales day book of Minani and then post to the ledgers .

4th Feb. sales to H. Alindogo

 25 boxes of biscuits @ 950

 8 cases of beer @ 300

 150 bottles of double cola @ 450

9th Feb sold to M. Salub

 500kg milk powder worth @ 6

 60 cartons soap @ 200

12th Feb sold food worth 1700 to Mr. Chuwa

19th Feb sold goods to:

1. Idiasas shs. 7,500

 L. Luka shs. 1,200

25th Feb sales to P. Sufiani

5 dozen table knives at T.shs. 8 each knife
 200 frying pans set @ T.shs. 70
 100 sufuria at @ T.shs 65

27th Feb sold Sandy goods to M. Mchafu ta T.shs. 18,000

28th Feb sold to K. Kijiko
 700 bags cement of 50kg at @ T.shs. 85
 120 garden Focks @ T.shs. 25
 50 shoes valued of T.shs. 30

29th Feb sold summary articles to S. Haruna worth T.shs. 1,660

Solution.QN1

MPANGALA'S

SALES JOURNAL

DATE	PARTICULARS	F	INVOICE DETAILS	INVOICE TOTAL
1 st Jan	<p><u>P. MPALI</u></p> <p>- 16 national radio @ 3500</p> <p>- 25 record players @ 5200</p>		<p>56,000</p> <p><u>130,000</u></p>	186,000
7 th Apr	<p><u>UYONGA</u></p> <p>- Goods</p>			19,650
10 th Jan	<p><u>N. SAMBAMBA</u></p> <p>- 60 footballs @ 1760</p> <p>- 100 pairs sport shoes @ 6000</p>		<p>105,600</p> <p>600,000</p>	

	- 90 packets of socks @ 90	<u>8,100</u>	
	<u>TUNSUME BEN BAND</u>		714,600
	- Goods		
15 th Jan			
	<u>VARIOUS MUSIC</u>		
	- Goods		17,000
19 th Jan			
	<u>MADINDA</u>		
	<u>SEC. SCHOOL</u>		
		32,500	16,200
25 th Jan	- 65 account books @ 500	12,000	
	- 10 dozen ball paint pencil @ 1200	<u>3,200</u>	
	- 40 dozen staff ledger @ 80		
	<u>HOPITENDEED AND SONS</u>		
	- Goods		47,700
27 th Jan	Transferred to sale Cr in the General Ledger.		9,200
31 th Jan			1,010,350

SALES LEDGER

DR

P. MPALI A/C

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
1 st Jan	sales		186,000				

DR

UYONGA A/C

C

R

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
7 th Jan	sales		19,650				

DR

N. SAMBAMBA A/C

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
10 th Jan	sales		714,000				

DR

VARIOUS MUSIC A/C

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
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	S		T				
19 th Jan	sales		16,200				

DR

MADINDA SCHOOL A/C

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
25 th Jan	sales		97,700				

DR

HOPITENDED & SONS A/C

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
27 th Jan	sales		9,200				

GENERAL LEDGER

DR

SALES A/C

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
30 th Jan	Balance c/d		1,010,350	30 th Jan	Sundry debtors		1,010,350
				1 st Feb	Balance b/d		1,010,350

PURCHASES RETURN DAY BOOK OR RETURN OUTWARD JOURNAL

1. What are the reasons which may make you to return goods,

While you had purchased from supplies?

- (i) Damaged of goods in transits
- (ii) Expired of goods
- (iii) Over supplies.
- (iv) Low quality.
- (v) Not of the sample ordered.
- (vi) Not of the color ordered.

2. Goods sold and bought on credit may be return due to the following reasons.

- (i) Wrong types
- (ii) Wrong color
- (iii) Not the sample ordered
- (iv) Incomplete of goods
- (v) Damaged in transit
- (vi) Expired of goods

When goods are returned to the supplies prepared a document called **CREDIT NOTE** to inform the buyer that the half credit his account.

It is a reduction of the debit (claim) or it rectifies/ adjusts on over changed amount.

A record of the return of goods / purchases on credit is kept in a returns outwards journal (or purchased returns journal).

EXAMPLE.1

Enter the following items in Manjani's purchases returns day book and post to the ledger.

7th Jan return one bag of rice of R.T.C

Kilimanjaro Tshs. 500 not suitable for consumption.

10th Jan returns two boxes cooking fat @ Tshs 320 to Manji Xsons

& Lxd, not of the type ordered.

2 bags of beans at Tshs. 1000 was out of use

11th Jan returns one pair bed sheets Tshs. 170 and two shift @ Tshs. 350 to
Moshi Traders poor qualities

MANJANI'S

PURCHASES RETURNS DAY BOOK

DATE	PARTICULARS	F	INVOICE DETAILS	INVOICE TOTAL
7 th Jan	<u>R.T.C KILIMANJARO SHOP</u> 1 bag of rice T.shs 500	P.R.1		500
10 th Jan	<u>MANJI AND SONS LTD</u> 2 boxes of cooking fat @ T.shs. 320. 2 bag of beans @ T.shs. 1,000	P.R.2	640 <u>2,000</u>	2,640
11 th Jan	<u>MOSHI TRADERS</u> 1 pair bed sheet of @ 170 2 shift @ 350	P.R.3	170 <u>700</u>	870
31 st Jan	Transferred to the Return outward A/C Cr. In the general ledger.			4,010

PURCHASES RETURN LEDGERS.

DR		R. T. C. KILIMANJARO SHOP A/C				CR	
DATE	DETAILS	F	AMOUN T	DATE	DETAILS	F	AMOUNT
7 th Jan	Purchases return		500				

DR		MANJI AND SONS LTD A/C				CR	
DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
10 th Jan	Purchases return		2,640				

DR		MOSHI TRADERS A/C				CR	
DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
15 th Jan	Purchases return		870				

GENERAL LEDGER

DR		PURCHASES RETURNS A/C				CR	
DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
31 th Jan	Balance c/d		4,010	31 st Jan	Sundry creditors		4,010
				1 st Feb	Balance b/d		4,010

EXERCISE.1

Enter the following transaction in the purchases returns day book and post to the ledgers.

- 3rd Mach returns to Wale wetu
 - 5 pairs of boots of @ T.shs. 200 not of the type orderd
 - 10 pair of sandals of @ T.shs 35 wrong size

- 5th March Return to Mkwanda
 - 12 sponje mattress @ Tshs. 600, poor quality
 - 2 safari beds @ Tshs. 800, damaged in transit

12th March return to Sangura
 250 metres vitenge material @ T.shs 35, not up to started ordered

22nd March Return to Morogoro Shops Company
 300 pair of shoes @ T.shs 450, not of the size ordered
 150 pairs children shoes @ T.shs. 250, a pair not of type ordered
 200 dozen baby nephis at @ T.shs. 200, not of the colour order.

Solution**PURCHASES RETURNS DAY BOOK**

DATE	PARTICULARS	F	INVOICE DETAILS	INVOICE TOTAL
3 rd Mar	<u>WALE WETU</u> - 5 pairs of boots of @ T.shs. 200 - 10 pair of sandals of @ T.shs 35		1,000 <u>350</u>	1,350
5 th Mar	<u>MKWANDA</u> - 12 sponje mattress @ Tshs. 600 - 2 safari beds @ Tshs. 800		7,200 <u>1,600</u>	
	<u>SANGURA</u>			

12 th Mar	- 250 metres vitenge material @ T.shs 35	8,750	
	<u>MOROGORO SHOP</u>		8,800
	<u>COMPANY</u>		8,750
22 nd Mar	- 300 pair of shoes @ T.shs 450		
	- 150 pairs children shoes @ T.shs. 250	135,000	
	- 200 dozen baby nephis at @ T.shs. 200	37,500	
		<u>40,000</u>	
	Transfer purchases returns A/C by Cr the general ledger .		91,000
31 st Mar			109,900

POSTING TO THE LEDGERS.

DR				WALE			
A/C				WETU			
CR							
DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
3 rd Mar	Purchases return		1,350				

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DR				MKWANDA A/C				CR			
DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT				
5 th Mar	Purchases return		8,800								

DR				SUNGURA A/C				CR			
DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT				
12 th Mar	Purchases return		8,750								

DR				MOROGORO SHOP COMPANY A/C				CR			
DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT				
22 th Mar	Purchases return		91,000								

GENERAL LEDGER

DR		PURCHASES RETURNS A/C				CR	
DATE	DETAILS	F	AMOUN T	DATE	DETAIL S	F	AMOU NT
31 th Mar	Balance c/d		109,900	31 st Mar	Sundry creditors		109,900
				1 st Apr	Balance b/d		109,90 0

EXERCISE.2

Enter the following transaction in NAMSHITUS purchases day book, purchases returns day book and post to the ledgers.

1st May Bought 10 bags of beans @ T.shs. 600 from National Distributors Ltd.

4th May purchase 2 dozen of cooking oil of @ T.shs. 50 from GEFCO

5th May return one bag of beans to National Distributors Ltd

8th May Bought 10 dozen of bed sheet from Kilimanjaro Text Tile @ T.shs. 2,200

10th May Returned to GEFCO half a dozen cooking oil as they were not the quality ordered

15th May purchased from GEFCO 100 dozen of baby milk @ T.shs 600

20th May returned one dozen bed sheet to Kilimanjaro Text tiles as they were poor quality

25th May returned 5 dozen of baby milk to GEFCO spoilt in transit

26th May Purchased 20 dozen bed sheet from Kilimanjaro Text Tiles @ T.shs. 2,200

28th May reformed 5 dozen bed sheets as they were not of the size ordered from Kilimanjaro Textiles

2. BOOK OF PRIME ENTRY-2

Solution.QN2

PURCHASES DAY BOOK/ PURCHASES JOURNAL

DATE	PARTICULARS	F	INVOICE DETAILS	INVOICE TOTAL
1 st May	<u>NATIONAL DISTRIBUTORS LTD</u> - 10 bags of beans @ T.shs. 600			6,000
4 th May	<u>GEFCO</u> - 2 dozen of cooking oil of @ T.shs. 50			100
8 th May	<u>KILIMANJARO</u>			

	<u>TEXTILES</u>		
	- 10 dozen of bed sheet @T.shs. 2,200		22,000
	<u>GEFCO</u>		
15 th May	- 100 dozen of baby milk @ T.shs 600		60,000
	<u>KILIMANJARO</u>		
	<u>TEXTILES</u>		
26 th May	- 20 dozen bed sheet @ T.shs. 2,200		44,000
30 th May	Transfer purchases a/c by Dr in General ledger		132,100

**MSTITU'S
PURCHASES RETURNS DAY BOOK / RETURNS OUTWARDS**

			INVOICE	INVOICE
--	--	--	----------------	----------------

DATE	PARTICULARS	F	DETAILS	TOTAL
5 th May	<p style="text-align: center;"><u>NATIONAL</u> <u>DISTRIBUTORS LTD</u></p> <p>- 1 bags of beans @ T.shs. 600</p>			600
10 th May	<p style="text-align: center;"><u>GEFCO</u></p> <p>- ½ dozen of cooking oil of @ T.shs. 50</p>			25
20 th May	<p style="text-align: center;"><u>KILIMANJARO TEXTILES</u></p> <p>- 1 dozen of bed sheet @T.shs. 2,200</p>			2,200
25 th May	<p style="text-align: center;"><u>GEFCO</u></p> <p>- 5 dozen of baby milk @</p>			
28 th May	<p>T.shs 600</p> <p style="text-align: center;"><u>KILIMANJARO TEXTILES</u></p> <p>- 5 dozen bed sheet @ T.shs.</p>			3,000

	2,200			
				11,000
30 th May	Transfer purchases returns by Cr. in General ledger			
		G.L		16,825

PURCHASES LEDGERS

DR

NATIONAL DISTRIBUTORS LTD

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
1 st May	Purchases returns		6000	1 st May	purchases		6,000

DR

GEFCO A/C

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
10 th May	Purchases returns		25	4 th May	purchases		100

DR

KILIMANJARO TEXTILES A/C

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
20 th May	Purchases returns		2,200	8 th May	purchases		22,000

DR

GEFCO A/C

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
25 th May	Purchases returns		3,000	1 st May	purchases		60,000

DR

KILIMANJARO TEXTILES A/C

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
28 th May	Purchases returns		11,000	26 th May	purchases		44,000

GENERAL LEDGERS

Dr		RETURN OUTWARDS				Cr	
DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
	Trading a/c		16,825		Sundry creditors		16,825

Dr				PURCHASES A/C				Cr			
DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT				
30th May	Sundry creditors		132,100	30th May	Trading a/c		132,100				

RETURN INWARDS JOURNAL OR SALES RETURN DAY BOOK

When goods are returned by the customer to the supplier a **CREDIT NOTE** Is issued by the supplier to the customers informs the customer that his account has been dully **CREDITED** .

A record of the returns of goods sold or credit is kept in returns inwards journal. They are immediately posted to the credit side of the customer's account in the sales ledger and the total at returns- inwards is debited in the returns inwards account in the general ledger.

NOTE

A customer send a debit note to the supplies when the returned goods and the supplies issued a credit note to indicate that the customers account has been credited by the supplier.

EXAMPLES

The following are the returns inwards.

3rd Apr Mvita returned 2 dozen vitenge @ T.shs. 800, a dozen point by rain.

11th Apr issued a credit note to Said Ltd for goods retuned

5 bag ammonium sulphate @ T.shs. 680 under weight

30 gallon bags @ T.shs 12, wrong size

14th April Mkali returned

 10 dozen stencil @ 300 wrong size

 12 reams duplicating paper @ 150 wrong size

25th Apr return from Said Ltd

 200 bags of maize @ T.shs 1,000 dully expired

 40 bags of grand nuts @ T.shs. 140, dully expired

SALES RETURNS JOURNAL

(RETURNS INWARD BOOKS)

DATE	PARTICULARS	F	INVOICE DETAILS	INVOICE TOTAL
3 rd Apr	<p style="text-align: center;"><u>MVITA</u></p> <p>- 2 dozen vitenge @ T.shs. 800</p>			1,600
11 th Apr	<p style="text-align: center;"><u>SAID LTD</u></p> <p>- 5 bag ammonium sulphate @ T.shs. 680</p>		3,400	

	- 30 gallon bags @ T.shs 12	<u>360</u>	
			3,760
	<u>MKOLI</u>		
14 th Apr	- 10 dozen stencil @ 300	3,000	
	- 12 reams duplicating paper @ 150	<u>1,800</u>	4,800
	<u>SAID LTD</u>		
25 th Apr	- 200 bags of maize @ T.shs 1,000	200,000	
	- 40 bags of grand nuts @ T.shs. 140	<u>5,600</u>	205,600
			215,760
30 th Apr	Transferred total to sales return a/c by debit in the General Ledger.		

SALES LEDGERS.

DR

MVITA A/C

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
	Trading a/c		1,600	3 rd Apr	Sales returns		1,600

Dr **SAID LTD A/C** Cr

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
	Trading a/c		209,360		Return inward		3,760
			/		Return inward		205,600
			209,360				209,360

Dr **MKALI'S A/C** Cr

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
14 th Apr	Trading a/c		4,800		Return inwards		4,800

EXERCISE.1

Records the following transaction in sales returns day book and then opened the necessary ledger Accounts.

- 2nd May A credit note was sent to S. Sandala for goods returned by him @ T.shs.12.50, wrong types.

- 3rd May returns at goods by H. Hasan Tshs. 91.5 hot according to order on the sasesh date a credit note was sent to L. Lowe for goods returns by him T.shs. 105 damaged in transist.

- 9th May B. Mlowe received a credit note for goods returns by him worth Tshs. 1,200 not of the sample

- 13th May A credit note was sent to C. Chande for goods returned by him 2100 wrong size.

- 15th May M. Pili was given a credit note for good value @ T.shs. 1,600 returned due to bad condition.

- 21st May returns of goods by C. Changula T.shs. 1,100 these were received in bad condition.

- 31st May N. Titto get a credit note for returns of goods by him worth Tshs. 3,000 not on the sample.

Solution.QN1

SALES RETURNS JOURNAL

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DATE	Particulars	F	Invoice details	Invoice Total
2 nd May	<p style="text-align: center;"><u>S. SANDARA</u></p> <p>- goods returned by him @ T.shs.12.50</p>			12.50
3 rd May	<p style="text-align: center;"><u>H. HASAN</u></p> <p>- According to order on the sasesh 915 L. Lowe for goods by Tshs. 105</p>			1,020
9 th May	<p style="text-align: center;"><u>B. MLOWE</u></p> <p>Goods returns by him worth T.shs.1,200</p>			1,200
13 th May	<p style="text-align: center;"><u>C. CHANDE</u></p> <p>- for goods returned by him 2,100</p> <p style="text-align: center;"><u>M. PILI</u></p>			2,100

15 th May	- was given a credit note for good value @ T.shs. 1,600				
					1,600
	<u>C. CHANGULA</u>				
21 st May	Goods in received in bad condition. T.shs. 1,100				
					1,100
	<u>N. TITTO</u>				
31 st May	credit note for returns of goods by him worth T.shs. 3,000				3,000
	transfer the total to sale returns a/c				
	OR				
	Return inward a/c in the General Ledger.				10,032.50

DR

S. SANDARA A/C

SALES

LEDGER

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
				2 nd May	Sales returns		12.50

GENERAL LEDGER

Dr		RETURN INWARDS A/C				Cr	
DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
	Sundry debtors		10,032.50		Trading a/c		10,032.50

DR

H. HASAN ACCOUNT

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
				3 rd May	Sales returns		1,020

DR

B. MLOWE ACCOUNT

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
				9 th May	Sales returns		1,200

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DR

C. CHANDE ACCOUNT

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
				13 th May	Sales returns		2,100

DR

M. PILI ACCOUNT

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
				13 th May	Sales returns		1,600

DR

C. CHANGULA ACCOUNT

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
				21 th May	Sales returns		1,100

DR

N.TITTO ACCOUNT

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
				31 st May	Sales returns		3,000

EXAMPLE.1

A Raw land has the following purchases and sales for the March 1995

1st Mar Bought from Smith store silk 40, cotton 80 and less 25 percent trade discount.

8th March Sold to C. KELLY they him goods 28 woollen item 44 No trade discount

15th Mar Sold to A. HENRY silk T.shs. 33 linen 44, cotton goods 120 all less 20% Trade discount

23rd Mar Bought from C. Kelly cotton shs. 88, linen shs. 52 all less 25% trade discount.

24th Mar Sold to D. SANCRESTER linen goods . 42, cotton 48 less 10 percent trade discount

31st Mar Bought from J. Hamitton linen goods 270 less 23 ½ percent trade discount

Required :

- (a) Prepare purchases and sales journal of Raw land from above
- (b) Post the item to personal Account
- (c) Post the total of the journal to the sales and purchases Account.

Solution

RAW LAND'S

PURCHASES DAY BOOK

DATE	Particulars	F	Invoice details	Invoice Total
1 st Mar	<u>SMITH STORE</u>			
	Silk.....40		40	
	Cotton.....80		80	
	Less 25% 120 trade discount		120 30	

				90
	<u>C KELLY</u>			
2 nd Mar	Cotton	88	88	
	Linen	52	52	
			140	
	Less 25% 140 trade discount			
			35	
	<u>J. HAMILTON</u>			
	Liner goods.....	270	270	105
31 st Mar	Less: 33 $\frac{1}{3}$ % of 270 trade discount.		<u>90</u>	
				180
	Transfer the total to purchases A/c by Dr in General ledger			375

RAW
SALES DAY BOOK

LAND

DATE	Particulars	F	Invoice details	Invoice Total
8 th Mar	<u>GRANTLEY</u>			
	Line goods 28		28	
	woollen item 44		44	72
15 th Mar	A. <u>HENRY</u>			
	Silk goods 36		36	
	Linen goods 44		44	
	Cotton goods 120		120	
	Less 20% of 200 trade discount.		200 - 40	
				160
24 th Mar	<u>D. SANGSTER</u>			
	Linen goods 42		42	
	Cotton good 48		48	

	Less 10% of 90 trade discount		90		
			-9		81
	Transfer the total to sales A/c by Cr in crv Ledger				313
31 st Mar		G.R			

PURCHASES LEDGER A/C

Dr				Cr			
DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
31 st Mar	Balance c/d		90	1 st Mar	Purchases		90
				1 st Mar	Balance b/d		

C.KELLY A/C

Dr				Cr			
DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
31 st Mar	Balance c/d		105	2 nd Mar	Purchases		105
				1 st Apr	Balance b/d		105

GENERAL LEDGER

Dr

SALES A/C

Cr

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
31 st Mar	Balance c/d		313	31 st Mar	Sundry creditors		313
				1 st Apr	Balance b/d		313

EXERCISE.1

C . Philips has the following purchases for the month of June 2002

June 2 from C. Lee 2 sets of golf clubs @ T.shs. 250

5 football @ T.shs. 20

Less 25 percent trade discount

June 11 From M. Elliot 6 ericket bats @ 20

6 ice skates @30

4 rugby bales @ 25

Less 25 percent trade discount

June 18 from wood

6 set of golf trophics @ 100

4 set of gulf club @ 300

Less 33 ¹/₃ percent trade discount

June 25 From B. Parksons. 5 criket bats @ 40

 Less 25 percent trade discount

June 30 From fromeis 8 goal gasts @ 70

 Less 25 percent trade discount

Required;

- (a) Enter of the purchases journal for the month
- (b) post the item to the supplier Account
- (c) transfer the total to the purchases Accounts.

Solution.QN1

Dr	PURCHASES DAY BOOK			Cr
DATE	PARTICULARS	F	INVOICE DETAILS	INVOICE TOTAL
June 2	<u>C.LEE</u> -2 set of golf clubs @ Tshs 250. -Add: 5 football @ Tshs. 20		375 75	450
June 11	<u>M.ELLIOT</u> -6 ericket bats @ 20. -6 ice skates @ 30. -4 rugby bales @ 25		90 135 225	450
June 18	<u>WOOD</u> -6 set of golf trophics @ 100 -4 set of gulf club @ 300		75 450	525
June 25	<u>B.PARKSONJ</u> -5 criket bats @ 40			450
June 30	<u>FROMCIS</u> -8 goal gats @			
			70	420
June 30	Transfer the total to purchases A/C by Cr in General Ledger.			2290

PURCHASES LEDGERS.

DR

C. LEE ACCOUNT

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
				2 nd Jul	purchases		450

DR

M. ELLIOF ACCOUNT

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
				11 th Jul	purchases		450

DR

WOOD ACCOUNT

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
				18 th Jul	purchases		525

DR

B. PARKSON ACCOUNT

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
				25 th Jul	purchases		450

DR

FROMCIS ACCOUNT

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
				30 th Jul	purchases		420

GENERAL LEDGER.

DR

PURCHASES A/C

CR

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
31 th Jul	Sundry creditors		2,290	31 th Jul	Trading a/c		2,290



3. TWO COLUMN CASH BOOK

As the business grow up, the business/firm seems there are necessities of having sometimes to keep their money safe therefore, they usually open the account at bank.

Normally, current account is the kind of account which is preferable by the business owners because;

- It allows to deposit at any time.
- Withdraw even if your account has no enough money/balance (overdraft). You may withdraw more money than what they have.
- Enable to pay his creditors by means of cheque and to collect also from business debtors direct to the bank.

The bank do service by charging the business trader a little cost/fee called **bank charges** also the issues to the customer bank statement whenever they need or at the end of the month for verifications.

To keep track day to day transactions record business need to bank account whereby two column cash book needed to bank as to maintain two account at once thus cash account and bank account in the same book instead of maintain separate account.

The format of two column cash book

Dr					Cr				
Date	Particular	F	Cash	Bank	Date	Particular	F	Cash	Bank

Contra Entries;

Is the French word means opposite/against, means debit and credit done in the same book.

Is where the completion of double entry done in the same book.

Example of the contra entries are:

- If business withdraw cash from bank for office use.

Dr; Cash a/c.

Cr; bank a/c.

- Deposit Cash into bank a/c.

Dr; Bank a/c.

Cr; Cash a/c.

Therefore, to indicate the Contra by use “C” as a symbol in the follow column against the entries as both sides of the cash book.

Example.1

June 1 Balance of Cash in hand	500
Balance at Bank	10,000
2 Received Cash from Mayo	250
3 Paid Chacha by cheque	1,200
4 Received cheque from Minza and banked it	300
6 Received cash from Lily	120
10 Paid rent by cheque	500
15 Paid wages by cash	200
18 Paid cash to bank	100
20 Drew Cash from bank for office use	200

Enter the above transactions in the Cash book and carry down the balance as at 25th June.

Solution

Dr		TWO COLUMN CASH BOOK						Cr	
DATE	PARTICULARS	F	CASH	BANK	DATE	PARTICULARS	F	CASH	BANK
June 1	Balance	b/d	500	10,000	3	Chaka	18		1,200
2	Mayo	10	250		10	Rent	12		500
4	Minza	20		300	15	Wages	11	200	
6	Lily	22	120		18	Bank(Cash from Bank)	"C"	100	
18	Cash	"C"		100	20	Cash	"c"		200
20	Bank	"C"	200		25	Balance	c/d	770	8,500
			<u>1,070</u>	<u>10,400</u>				<u>1070</u>	<u>10,400</u>
July 1	Balance	b/d	770	8,500					

EXERCISE.1

Record the following in the Cash booking of Masai

- Feb 1 Opening balance cash Tshs 6,000 Bank Tshs 13,000
- 4 Paid wages in cash Tshs 1,200
- 5 Cash sales Tshs 3,000
- 10 Bought goods by cheque Tshs 1,800
- 11 paid rent by cheque Tshs 600
- 19 sent John a cheque for Tshs 600
- 25 Withdraw Tshs 300 Cash for himself.

Balance off the Cash book and bring down the balance for March.

EXERCISE.2

Record the following in the Cash book of Mwanadada.

- April 1 Capital Cash Tshs 4,000 bank 12,000

3 Received Tshs 3,500 cash from Baraza	
8 Mwitwa sent a cheque for Tshs	1,400
13 Paid rent cash Tshs	600
15 Sales by cheque Tshs	11,400
18 Purchases by cash Tshs	1,400
21 Sales by cheque	8,000
26 Purchases by cheque Tshs	10,000
28 Peter paid us Tshs 3,000 cash	
29 Paid wages cash Tshs	2,500
30 Paid insurance by cash Tshs	500

Balance off the cash book and bring down the balance for May.

4. THREE COLUMN CASH BOOK

THE THREE COLUMN CASH AND DISCOUNT.

Is the cash book which contains three columns namely;- cash column, bank column and discount column.

DISCOUNT

Is an allowance or deduction made to the business due sell/purchase of goods.

There are two types of discount:-

1. Trade discount.
2. Cash discount.

1. TRADE DISCOUNT

Is an allowance made by wholesaler/seller to his/her buyers/retailers off the catalogue or invoice price is given trade discount to enable them to sell goods later at mentioned price.

CASH DISCOUNT

Is an allowance made by the receiver of cash to the payer for prompt quick payment(within a specified period). The allowance may be **received** or **allowed**.

Cash discount may be divided into two kinds:-

- i. Discount allowed
- ii. Discount received

DISCOUNT ALLOWED / SALES DISCOUNT

Is allowed by the business to his/her customers with considerations of prompt payment aims is to encourage them to pay within a specified period.

DISCOUNT RECEIVED / PURCHASES DISCOUNT

Is the discount which is received from a creditor it is regarded as gain and it is shown on the debt side of the profit and loss account. OR

It will be received by the business when pays their accounts prompt by or within a specified period.

Difference between Trade discount and Cash discount:

I. Trade discount allowed or made at the date of sale irrespective of the date of payment **WHILE** Cash discount is allowed or made only if and when the account is paid with the specified period.

II. Trade discount is deducted only on sales or purchases invoice nowhere else recorded **WHILE** Cash discount goes through the Cash book and posted to the ledger and eventually appear in the final a/c.

III. Discount column in the Cash book are not accounts but they save only as memorandum columns then; The total discount allowed is posted or transferred to the **Dr** of the Discount allowed a/c and completed to the **Cr** of the debtors a/c (Discount) **WHILE** The total discount received is transferred to the **Cr** of the discount received a/c (Discount a/c) and **Dr** to the Creditors a/c in order to complete double entry.

To the final a/c:

Dr; Discount allowed (P and L a/c) Loss

Cr; Discount received (P and L a/c) Profit (gain).

THE STRUCTURE OF THREE COLUMN CASH BOOK

DR

THREE COLUMN CASH BOOK

CR

DATE	DETAILS	F	DISCOUNT ALLOWED	CASH	BANK	DATE	DETAILS	F	DISCOUNT RECEIVED	CASH	BANK

EXAMPLES:

1. 2009 May 1 Balance brought down. April

Cash balance 290

Bank balance 6840

- 2 .debtors account;-

R. Omary 1200

S. Ayoub 2800

S.Manji 400

3. Creditors account;-

T. Othman 600

L. Kilua 4400

J. Makapi 1000

May 2; Omary pay us by cheque having 2 ½% cash account discount

May 8; We pay J. Makapi his account by cheque deduct 2 ½% cash discount

May 10; Ayoub pay us his account by cheque deduct 70 cash discount.

May 25; we pay wages in cash 920

DR	DISCOUNT RECEIVED		CR
profit & loss A/C	190	Cash	190

EXERCISE

From the following details to write up three column cash book balance it at the end of the month and then show the relevant document account as it appear in the generally ledger :-

March 1; balance brought forward

Cash in hand 21110

Cash at bank 3984

March 2; paid up each of the following account by cheque in each base deducted 5%.

T. Abdul _____ 800

B.Borge _____ 2600

A.Daud _____ 4400

March 4; Othman pay us on cheque sh 950

March 5; cash sales paid direct into bank 490

March 7; paid insurance by cash 650

March 9; the following pay us they account by cheque in each account deducted a discount up to 2% .

R. Salum _____ 1600

S. Tumba _____ 6400

Z. Qassim _____ 5200

March 12; paid motor expenses by cash _____ 1000

March 18; cash sales _____ _980

March 21; paid sales by cash _____ 600

March 28; receive cheque for 5000 from ramadhan

March 31; paid stationary by cash _____ 270

5. THE PETTY CASH BOOK

Definition

Is the cash book which used to record small expenses/expenditure which take place from time to time within the business.

OR

Is the book which used to record the small expenditure which incurred by the business/organization for a certain period of time such as day to day, week to week or month.

PETTY CASHIER

Is a person who received money in order to meet petty expenditures.

ADVANTAGES OF PETTY CASH BOOK.

1. It helps the main cashier to deal with small payment
2. It facilitate the small payment without the use of cheque
3. It easy to check the petty cashier because the amount is small.

THE PETTY CASH VOUCHER/PAYMENT VOUCHER

-These are vouchers are filled by petty cashier when made payments. These vouchers proof that payment has made.

STRUCTURE OF PETTY CASH BOOK.

The petty cash book has two side, received side and payment side.

THE TYPES OF EXPENSES MADE THROUGH PETTY CASH

- a. POSTAGE ; Including parcel , telegram , stamp.
- b. STATIONERY ; Including small items as ink , book, printing.
- c. TRAVELING EXP ; Including petrol , tires etc.
- d. SUNDRY ITEM ; Such as sugar, milk for office tea .

THE STRUCTURE OF PETTY CASH BOOK

AMOUNT RECEIVED	FOLIO	DATE	DETAIL	PAYMENTS		ANALYSIS OF PAYMENTS				
				V.No	Total	Postage	stationery	Traveling exp.	G.Expenses	

EXAMPLE:

On 1st March Hamisi received from chief cashier Tshs 40000/=

March 2. Paid for telegram 2000 /=

“ 3. Paid for postage 6000 /=

“ 4. Paid for bus fare 2000 /=

“ 5.paid for office cleanness 3200 /=

“ 6.stationary 8000 /=

Required: Draw up A petty cash book.

DR		THE PETTY CASH BOOK				CR			
RECEIPTS	F	DATE	DETAILS	VOUCHER NO	TOTAL	ANALYSIS OF PAYMENTS			
						POSTAGE & TELEGRAM	STATIONARY	TRAVELING	SUNDRY ITEMS
400,000		1 Mar	Cash						
		2 Mar	Telegram	1	2,000	2,000			
		3 Mar	Postage	2	6,000	6,000			
		4 Mar	Bus fare	3	2,000			2,000	
		5 Mar	Stationary	4	8,000		8,000		
		6 Mar	Office cleaner	5	3,200				3,200
					21,200	8,000	8,000	2,000	3,200
		6 Mar	Balance	c/d	378,000				
<u>400,000</u>					<u>400,000</u>				
378,000		7 Mar	Balance	b/d					

EXERCISE.1:

Enter the following transaction in petty cash book of F. Funds with column for ;

(i)postage and telegram (ii) stationery (iii) traveling (iv) office expenses in the year 2010.

Jan 1. Receive petty cash 100000 /=

“ 1. Paid for sugar 7000 /=

“ 2.bought stamps 20000 /=

“ 3. Paid for pencil 5000 /=

“ 5. Bus fare 2000 /=

- “ 8.telegram 15000 /=
- “ 9.envelopes 4000 /=
- “ 11.coffee 9000 /=
- “ 15. Cleaning 2000 /=

EXERCISE 2

Enter the following of Machanga cooperative society in the petty cash book under the columned for postage water charge , transport charge ,electricity , stationery .

On Jan 1 2009 the petty cashier received Tsh 100000 a petty cash.

Jan 2. Paid water charge – 10000 /=

“ 3. Paid electricity charge – 6000 /=

“ 4. Bought stationery – 30000 /=

“10. Paid transport charge – 10000/=

“ 13.bought stamps _ 20000 /=

“ 15.bought stationery _ 5000 /=

“ 18 .paid transport charge _ 10000 /=

“ 27 .paid water charge _ 30000/=

“ 29 .paid electricity expenses _ 20000 /=

“ 30 .transport charge _ 20000 /=

“ 31. Bought stamp _ 20000 /=

Solution.QN1

DR

PETTY CASH BOOK

CR

AMO AMOUNT RECEIVED	F	DATE	DETAILS	PAYMENTS		ANALYSIS OF PAYMENTS				
				V.NO	TOTAL	POST	STATIONERY O.EXPENSES	TRAV. Exp	Travel.Exp	G. Expenses
100,000		1-Jan	Cash							
		1-Jan	Sugar	1	7,000					7,000
		2-Jan	Stamps	2	20,000	20,000				
		3-Jan	Pencil	3	5,000			5,000		
		5-Jan	bus fare	4	2,000				2,000	
		8-Jan	Telegram	5	15,000	15,000				
		9-Jan	Envelopes	6	4,000	4,000				
		11Jan	Coffee	7	9,000					9,000
		15Jan	Cleaning	8	2,000					2,000
					64,000	39,000			5,000	2,000
		31Jan	Balance c/d		36,000					
100,000					100,000					
36000		1Feb	Balance b/d							

Solution.QN2

RECEIPTS	F	DATE	DETAILS	PAYMENTS		ANALYSIS OF PAYMENTS				
				V.NO	TOTAL	POST	W.CHARGE	TRANSPORT	ELECTRICITY	STATIONARY
100,000		1 Jan	Cash							
		2 Jan	W. charge	1	10,000		10,000			
		3 Jan	Electricity	2	6,000				6,000	
		4 Jan	Stationary	3	30,000					30,000
		10 Jan	Transport	4	10,000			10,000		
		13 Jan	Stamps	5	20,000	20,000				
		15 Jan	Stationary	6	5,000					5,000
		20 Jan	transport	7	10,000			10,000		
		27 Jan	W. charge	8	30,000		30,000			
		29 Jan	electricity	9	20,000				20,000	
		30 Jan	transport	10	20,000			20,000		
		31 Jan	Stamps	11	20,000	20,000				
					181,000	40,000	40,000	40,000	26,000	35,000
		31 st Jan	Balance c/d		10,000					
191,000					191,000					
10,000			Balance b/d							

THE IMPREST SYSTEM

The imprest system is where a refund is made of the total paid out in the period .

It is when a cashier gives the petty cashier enough cash to meet his needs for the following period at the end of period the cashier find out the amount spent by the petty cashier and gives him an amount equal to what spent. the petty cash in hand should be equal to the original amount with which the period was stated . This system is known as **IMPREST SYSTEM** and the amount is called **CASH FLOAT**.

example.1

The cashier gives petty cashier 50000.

The petty cashier paid out during a week 34570.

The balance of the petty cash at the end of the week 5430.

The cashier now gives the petty cashier 34570.

The petty cashier hands of the end of period 50000.

Example.2

The petty cashier of ABC secondary has a cash float of Tshs 200,000/=. If Tshs 146,000 and 4000 was spent on purchases of stationary and entertainment of teacher respectively, How much will be reimbursed by chief account to petty cashier?

Cash float given by chief cashier 200,000

Less expenses made by petty cashier

Purchases (stationary)	146,000
Entertainment to teachers	4,000
Total amount spent	150,000

CASH BALANCE 50,000

Therefore, 150,000 will be reimbursed to petty cashier to restore the imprest system of cash float 200,000 given.

EXAMPLE.3:

Enter the following transaction in petty cash book showing analysis column for carriage, traveling expenses and stationery. Restore the imprest and bring down the Balance for the commencement of the following month.

Feb 1 . Petty cashier in hunt sh 25000
Feb 2. Paid bus fare sh 3700, carriage 1400
Feb 3 . Paid bus fare sh 1800, office expenses 1200
Feb 3 .bought stationery for Tshs 4700
Feb 4. Paid carriage for 1900, bus fare sh 2500
Feb 5 .bought stationery for Tshs 2300
Feb 6 .paid office expenses for Tshs 1500
Balance the book as 8th Feb 2009

Solution

PETTY CASH BOOK

RECEIPTS	F	DATE	DETAILS	VOUCHER NO	TOTAL	ANALYSIS OF PAYMENTS			
						POSTAGE & TELEGRAM	STATIONARY	TRAVELING	OFFICE EXP
25,000		1 Feb	Cash						7,000
		2 Feb	Bus fare	1	3,700		3,700		
		2 Feb	Carriage	2	1,400	1,400			
		3 Feb	Bus fare	3	1,800		1,800		
		3 Feb	Office expenses	4	1,200			1,200	
		3 Feb	Stationary	5	4,700				4,700
		4 Feb	Carriage	6	1,900	1,900			

		5 Feb	Bus fare	7	2,500		2,500		
		5 Feb	Stationary	8	2,300				2,300
		6 Feb	Office expenses	9	1,500			1,500	
			Balance c/d		21,000	3,300	8,000	2,700	7,000
21,000	CB	28 Feb	Cash						
			Balance c/d		25,000				
<u>46,000</u>					<u>46,000</u>				
25,000		March	Balance b/d						

Dr CARRIAGE A/C Cr

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
28 Feb	Petty cash book		3,300		To profit and loss a/c		3,300

Dr TRAVELLIING A/C Cr

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
28 Feb	Petty cash book		8,000		To profit and loss a/c		8,000

Dr EXPENSES A/C Cr

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
28 Feb	Petty cash book		2,700		To profit and loss a/c		2,700

Dr STATIONARYN A/C Cr

DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
28 Feb	Petty cash book		7,000		To profit and loss a/c		7,000

EXAMPLE.4

KASSIM employ a cashier who keeps a petty cash book on the imprest system. It has five analysis columns for postage, travelling, stationery, general expenses and ledger account. Rule a petty cash book and record the following weeks transactions inserting appropriate folio numbers and petty cash voucher number.

2002 Jan 11th drawn imprest of 2000/= pays postage Tshs 145/= bus fare Tshs 65/= pays

Matthew account Tshs 208/=

2002 Jan 12th pays fares Tshs 26/=, pays for note papers Tshs 55/=, collects from staff for

Private telephone calls Tshs 298/=

2002 Jan 13th pays for cleaning materials Tshs 28/= pays for tea and calls for typist's

Birth day Tshs 36/=

2002 Jan 14th pays L. sasa account Tshs 225, pays for cleaning materials Tshs 130/=

2002 Jan 15th pays cleaner wages Tshs 500, pays fares Tshs 12 pays window cleaner 25/=

Also rule off the book, bring down the balance in hand and restore the imprest to Tshs 2000/= as on 15th January 2002

Solution

PETTY CASH BOOK

Receipts	CB (folio)	Date	Particular	Voucher Number	Total payment	postage	Travelling	stationery	General Expenses	ledger
		2002								
2000	CB	Jan 11	Balance b/d							
		Jan 11	Postage	1	145	145				
		Jan 11	Bus fare	2	65		65			
		Jan 11	Matthew	3	208					208
		Jan 12	Fare	4	26		26			
		Jan 12	Note papers	5	55			55		
298	CB	Feb 12	Tele.(reimbursed)							
		Feb 13	Cleaning	6	28				28	
		Jan 13	Tea & cake	7	36				36	
		Jan 14	L. sasa	8	225					255
		Jan 14	Cleaning	9	130				130	
		Jan 15	Wages cleaner	10	500				500	
		Jan 15	Fare	11	12		12			
		Jan 15	Window cleaner	12	25				25	
					1455	145	103	55	719	433
			Balance c/d		843					
2298					2298					
843		Feb 1	Balance b/d							
1157		Feb 1	Cash / cheque							

EXERCISE 1

Rule a petty cash book with analysis columns for stationary , motor expenses, cleanliness, traveling and ledger

The float is Tshs 150,000/= for one week

May 1 received cash for the float

May 2 bought brooms Tshs 8000/= note book 5000/= and paid bus fare 3000/=

May 3 bought engine oil Tshs 15000 typing papers Tshs 12000/= and paid bus fare 3000/=

May 4 bought u bolt for van Tshs 3000/=

May 5 paid FREDY a supplier Tshs 18000/=

May 6 paid motor mechanic Tshs 20000/= bought office pains 4000/=

May 7 paid office cleaner Tshs 15000/=

Required

- Record the transactions in the said petty cash book
- Post to ledger account at may 7th

EXERCISE 2

The following transaction related to Hamisi for the month of October 2003

Oct 1 he main cashier give 150,000/= float to petty cashier a payments during the month were as follows

Oct 2 purchases marking pen9000/=

Oct 2 purchases sugar for Headmaster 5000/=

Oct 3 purchases petrol for.....2000/=

Oct 4 paid Mr. Isiyo5000/=

- Oct 5 postage7000/=
- Oct 5 cleaning expenses3500/=
- Oct 6 petrol2200/=
- Oct 7 traveling expenses6000/=
- Oct 8 paid mama Patel10,000/=
- Oct 9 paid Mr. Dogo as entertainment8000/=
- Oct 10 postage2500/=
- Oct 11 sundry expenses2400/=
- Oct 12 paid Mr. chidio5000/=

Oct 15 petty cash was reimbursed as the bursar traveling on duty

Required prepare the petty cash book

Use analysis as stationary, office expenses, petrol , traveling expenses, cleaning , entertainment and ledger

6. BANK RECONCILIATION STATEMENT

When the money is deposited by us into bank, we debit the cash book in the bank column, on the other hand, on receipt of money from the customer, the bank gives credit to the another customer a/c when money is with draw from the bank firm gives credit to the cash in the bank column which bank debit the account of the customer.

DEFINITION:

BANK RECONCILIATION STATEMENT – Refer to the periodical statement prepared by a trader for purpose of identify and adjusting cash balance and the bank statement.

BANK STATEMENT – Is the statement prepared by bank and sent to the customer showing transactions between the bank and customer for his information and verification.

OBJECTIVE OF BANK RECONCILIATION STATEMENT

The main objective of preparing this statement is to know what causes of difference between cash balance and bank statement.

1. CAUSES OF THE DIFFERENCE BETWEEN CASH AND BANK STATEMENT

UNPRESENTED CHEQUE; is the cheque issued by a business but not yet presented to the bank for payment.

2. **UNCREDITED CHEQUE;** which has been deposited sent to our bank but not yet collect, not credited to customer's book.

3. **BANK CHARGE;** The bank charge their customer for the services it render to the customer for time to time by deducting the customer a/c as soon as it render such services however a customer will know such charge only when he receives a statement account from the bank.

4. **STANDING ORDER;** any payment made by the bank on behalf of the business, not recorded in the cash book.

5. **DIRECTED COLLECTION ON BEHALF OF THE CUSTOMER;** a bank may received amount due to the customer directly from customer debtors for e.g. The bank may get dividend ,rent, interest and credit.
6. **ERROR;** They may be error in the account maintained by the customer as well as bank E.g. wrong debit or credit may be given a bank or customers.

TECHNIQUE OF PREPARING BANK RECONCILIATION STATEMENT

The following are the steps to be taken for preparing the bank reconciliation statement;

1. The cash book should be completed and balance as per the cash book column particular date should be found.
2. The bank should be requested to complete and sent to the business bank statement.
3. The balance as shown either by cash book or bank statement should be taken as a base.
4. The effect in a particular cause if difference should be studied on the balance shown by the either book.

HOW TO RECONCILE

- 1.-Compare the item which appears in the debit side of the each {bank column} with those items appearing on the credit column of the bank statement by breaking {making} item appearing in both places.
- 2.-Comparing also the items which appear on the credits side of the cash book { bank column} which those item appearing in the debit column of the bank statement by taking items appearing in the both places.

3.-Preparing bank reconciliation statement in case has resulted in an increase it can be deducted and vice versa.

STRUCTURE OF BANK RECONCILIATION

STATEMENT

Balance as per cash book	Xxxxxx
Add: Unpresented cheque	Xxxxxx
	Xxxxxx
Less: Uncredited cheque	Xxxxx
BALANCE AS PER BANK STATEMENT	Xxxxx
Balance as per bank statement	Xxxxxx
Add: uncredited cheque	Xxxxxx
	Xxxxxx
Less: unpresented cheque	Xxxxxx
BALANCE AS PER CASH BOOK	Xxxxxx

BANK RECONCLATION STATEMENT WITHOUT OPENING A CASH BOOK

Balance as per cash book		XXXXXXXX
Add: Unpresented cheque	XXXXXX	
Credit transfer	XXXXXX	
Dividend	XXXXXX	
Rent received	XXXXXX	
Interest received	XXXXXX	XXXXXXXX
	<hr/>	<u>XXXXXXXX</u>
Less: uncredited cheque	XXXXXX	
Standing order	XXXX	
Bank charge	XXXX	XXXXXXXXXX
Balance as per bank statement		XXXXXXXXXX

Example 1 From the following information prepare bank reconciliation statement as at 31st July 2008

CASH BOOK

Date	Particular	Folio	Amount	Date	Particular	Folio	Amount
1 st July	Balance b/d		8000	7/7	Fatma		3500
8/7	ally		1000	13/7	idd		1500
11/7	juma		5000	19/7	mariam		2000
25/7	husna		6000	31/7	balance c/d		13000
			<hr/>				<hr/>
			20000				20000
1/8	Balance b/d		13000				

BANK STATEMENT

DATE	DETAILS	DR	CR	BALANCES
1/7	Balance b/d		8000	8000
7/7	Fatma	3500		4500
8/7	Ally		1000	5500
11/7	juma		5000	10500

BANK RECONCILIATION STATEMENT AS AT 31/7/2008

Bank as per cash book	13000
Add: unpresented cheque	
Idd 1500	
Mariam 2000	3500
	16500
Less: uncredited cheque	
Husna	6000
Balance as per bank statement	10500

Example.2

DR		CASH BOOK				CR	
DATE	DETAIL	F	AMOUNT	DATE	DETAILS	F	AMOUNT
1/6	balance b/d		14100	8/6	salma		1800
7/6			620	12/6	issa		5190
16/6	aisha		750	18/6	mussa		4100
28/6	farida		2240	20/6	daudi		220
30/6	Luqman		5820	30/6	Balance c/d		15910
	Yusuph		23530				23530
1/7	Balance c/d		15910				

BANK STATEMENT

DATE	DETAILS	DR	CR	BALANCE
1/6	balance b/d			14100
7/6	cheque { aisha }		620	14720
8/6	salma	1800		12920
16/6	cheque		750	13620
17/6	Issa	5190		8480
18/6	mussa	4100		8070
28/6	cheque		2240	10370
29/6	standing order	520		9790
30/6	credit transfer		640	10430
30/6	bank charges	430		9000

Solution;

**BANK RECONCILIATION STATEMENT AS AT 30th
JUNE**

Balance as per cash book		15910
Add: unpresented cheque; daudi	220	
Credit transfer	640	860
		16770
Less: uncredited cheque; yusuph	5820	
Standing order	520	
Bank charges	430	6770
		10000
BALANCE AS PER BANK STATEMENT		10000

Example.3

DR		CASH BOOK				CR	
DATE	DETAILS	F	AMOUNT	DATE	DETAILS	F	AMOUNT
1/4	Balance b/d		60000	12/4	Hassan		16000
6/4	Miraj		9000	14/4	Hamis		10000
18/4	Rajab		5000	24/4	Hussen		5000
20/4	Shaban		2500	30/4	Balance c/d		48500
25/4	Ramadhan		3000				
			79500				79500
1/5	Balance b/d		48500				

BANK STATEMENT

DATE	DETAILS	DR	CR	BALANCES
1/6	Balance b/d			10000
5/6	cheque		5000	15000
14/6	cheque	5000		10000
16/6	credit transfer		3000	13000
29/6	bank charge	3000		10000
30/6	standing order	500		9500

REQUIRED: a] Draw up adjusted cash book

b] Prepare bank reconciliation statement {start with the balance as per bank statement}.

Solution;-

DR	ADJUSTED CASH
BOOK	CR

Balance b/d	20000	Bank charges	3000
Credit transfer	3000	Standing order	500
		Balance c/d	19500
	<hr/>		<hr/>
	23000		23000
	<hr/>		<hr/>
Balance b/d	19500		

BANK RECONCILIATION STATEMENT

Bank as per bank statement		950
Add: uncredited cheque -Husna	2000	
-Abdallah	6000	
-Ashanti	8000	
	<hr/>	<hr/>
		16000
		25500
Less: unpresented cheque -Tunu	4000	
Mwajabu	1500	
- Zawad	500	
	<hr/>	<hr/>
Balance as per adjusted cash book		6000
		19500

AN OVERDRAFT

Is a form of loan to a customer by a bank where by a customer his allow to with draw more money than that he/she has in his or her account, O/D Represents over draft.

BANK RECONCILIATION AS AT.....

Balance over draft as per adjusted cash book	XXXX
Add: uncredited cheque	XXXX
	<hr/>
	XXXXXX
Less: unpresented cheque	XXXXX
	<hr/>
Balance Over draft as per bank statement	XXXXX

BANK RECONCILIATION STATEMENT AS AT.....

Over draft as per bank statement	XXX
Add: un presented cheque	XX
	<hr/>
	XXXX
Less : uncredited cheque	XXXXXX
	<hr/>
	XXXXXXXXXX
Over draft as per adjusted cashbook	

Example.4

BANK STATEMENT

DATE	DETAILS	DR	CR	BALANCE
1/4	BALANCE B/D		3080	7090 O/D
2/4	CHEQUE			4010 O/D
15/4	FADHILA			5410 O/D
16/4	LEYLA	400	1200	4210 O/D
20/4	KASSIM		1240	2970 O/D
21/4	STANDING ORDER			3740 O/D
29/4	BANK CHARGES	770		4140 O/D
30/4	CREDIT TRANSFER	400	1000	3440 O/D

Solution

DR	ADJUSTED CASHBOOK		CR
30/4 Credit transfer	1000	1/4 Balance b/d	8620
		21/4 standing order	770
		29/4 bank charge	400
Balance c/d	8790		
	9790		9790
		Balance b/d	8790

BANK RECONCILIATION STATEMENT AS AT 31ST APRIL

OVERDRAFT AS PER ADJUSTED CASH BOOK		
8700		
ADD: uncredited cheque :hassan	1060	1060
		9850
LESS: unrepresented cheque :juma	6300	
usama	410	6710
		3110
Over draft as per bank statement		3110

EXERCISE;

You are given the following information of Hudhaifa & son's LTD on march 1996

BANK STATEMENTS

DATE	DETAILS	DR	CR	BALANCES
1/3	Balance b/d			51970 O/D
8/3	Lima	1220		53190 O/D
16/3	a.bakar		2440	50750 O/D
20/3	a.bakhani	2080		5283 O/D
21/3	s.salum		3330	49500 O/D
31/3	traders credit		570	48930 O/D
31/3	Standing order	490		49420 O/D
31/3	Bank charges	280		49700 O/D

--	--	--	--	--

DR		CASH BOOK FOR MARCH 1996		CR	
16/3	a.bakani	2440	1/3	balance b/d	51970
21/3	s. Salum	3340	6/3	lima	1220
31/3	suleiman	1600	30/3	A.bakhani	2080
31/3	balance c/d	52800	30/3	J.sadic	4900
		<hr/>			<hr/>
		60170			60170
			1/4	Balance b/d	52800

Draw up a] cash book up to date

b] Bank reconciliation statement as on 31st December 1996

Solution;-

DR		OVERDRAFT CASHBOOK (ADJUSTED)		CR	
31/3	Traders credit	570	1/3	Balance b/d	51970
			31/3	Standing order	490
	Balance c/d	53000	31/3	bank charges	280
		53570			53570
				Balance b/d	53000

BANK RECONCILIATION STATEMENT

Overdraft as per bank statement	49700
Add:unpresented cheque : J.sa dic	4900
	54600
Less; un credited cheque : Suleiman	1600
over draft as per adjusted cash book	53000

7. GOVERNMENT ACCOUNTING

Is the composite activities of analyzing, summarizing, reporting and interpreting the financial government unit.

PURPOSE OF GOVERNMENT ACCOUNTING

1. To provide required information to the government unit.
2. To facilitate effective control and administration of public fund.
3. To enable controller and auditor general to exercise his duty.

GOVERNMENT REVENUE

Refer all revenue to finance [assist] government services such as social services like electricity, water etc.

SOURCES OF GOVERNMENT REVENUE

- a. **RECURRENT REVENUE** – these refer to day to day collection of government e.g. Taxes , licence.
- b. **DEVELOPMENT REVENUE** – refer all revenues collected so that to be available to combat the developed expand e.g. loan, grant, subsidies

GOVERNMENT EXPENDITURES

Refer to all spending's done by the Government, It can be spending on Road construction, building hospitals, Paying wages and salaries, and so on.

SOURCES OF GOVERNMENT EXPENDITURES

- a. **RECURRENT EXPENDITURES** – These are day to day running expenses of government e.g. wages, salaries, and water bill.

- b. **DEVELOPMENT EXPENDITURES**- These are expenditure of capital nature e.g. road and bridge.

DIFFERENT TERMS USED IN GOVERNMENT ACCOUNTING

1. **VOTES**- Is a separated fund which is controlled by an accounting officer, usually in numbered.
2. **AMBIT OF VOTE** – Total amount approved by parliament for various services.
3. **TOKEN VOTE** – Occur when the time of preparing estimated, region, ministry or department feels that expenditure.
4. **NOTED EXPENDITURE** – This is payment out of voted fund appropriated by the national assembly.
5. **GOVERNMENT BUDGET**- Consist of the entire revenues and expenditures for a parliament year of government.
6. **CONSOLIDATED FUND** – These mean overall funds of united republic to which all public revenue and other public money receipt are paid in order to meet government expenditure.
7. **PUBLIC MONEY** – This mean that the public revenue held whether temporary or otherwise by an officer.
8. **PAYMASTER GENERAL** – An officer in the public services who is appointed by minister of finance and who control the issue of public money to ministries region.
9. **CONTROLLER AND AUDITOR GENERAL [CAG]** – An officer in the public services of united republic who is appointed by president and charge

with the duties and power of controlling in and out of consolidate fund on behalf of national assembly.

10. **ACCOUNTING OFFICER** - Any person appointed in writing by the paymaster general and charge with the duties of accounting for any services and appropriate by the national assembly or made from exchequer a/c .
11. **EXCHEQUER ACCOUNT** – Is account of government of united republic which is managed by the paymaster general and kept at the **BOT**.
12. **WARRANT HOLDER** – Is an appointed in writing by the accounting officer and charged with duty of controlling and accounting for government expenditure.
13. **WARRANT FUND** – Refer an expenditure authority granted by each accounting officer to the warrant holder.
14. **AUTHORIZED OFFICER**- This is an officer authorized in writing by the accounting officer to the warrant holder.
15. **RECEIVER OF REVENUE**- Officer appointed by the paymaster general and charged with duty of collecting and accounting for specified money.
16. **COLLECTOR OF REVENUE** – Is an officer who appointed by the receivers charge with the duty of collecting and accounting revenue on behalf of receiver revenue.
17. **PUBLIC DEBTS** – Is the debts to the government arising as a result of loan whether long-term loan or any loan.
18. **COMMITMENT**- These are entry records in the vote book which indicate indents, requisition and local purchases order [LPO].
19. **VIREMENT**- This is an authority granted by minister of finance to transfer approved fund from one place to another.
20. **SINKING (SPECIAL) FUND**- This is fund established for the future repayment {public debts}

21. **NUGATORY EXPENDITURE-** These are expenditure which do not add any value to the government.
22. **APPROVED ESTIMATED** –Is the amount of money added to the expenditure item to obtain a proved of the parliament.
23. **IMPREST-** Is a small amount of money paid to an officer to enable him to met petty expenses.
24. **ACCOUNTING/FINANCIAL YEAR** – Is a period for the management of public finances which start on 1st July each year to 30th June of the next year {in Tanzania}.
25. **CHILD** – person whose age is not exceed 18 years.
-