

Books of Prime Entry

What is the book of prime entry?

This is where the transactions that are made by a business are recorded for the first time, before they are entered into the separate ledger accounts.

These books are separated into:

The Sales Journal

This is used when a business has a lot of separate sale transactions. In this journal, the total is then entered into the ledger accounts. The Common use of this journal is to record credit sales from invoices issued

Purchase Journal

This journal lists the transactions for credit purchases from the invoices that are received. At the end of the day, week or month the total is transferred to purchase account

Returns Journal

Sales Returns, or Returns inwards, Journal

- For goods previously sold on credit and are being returned to the business by customers

Purchase Returns or Returns Outwards Journal

- For goods purchased on credit by the business and is now being returned to the suppliers.

Cash Book

The cash books is used for both the cash account and bank account

General Journal

The general journey is where transactions that are made by the business are entered. This is recorded chronologically showing an explanation of the transaction, which account is affected, the amount and whether those accounts are increased or decreased.