

Subject: Business Studies

Class: JSS 1

Topic: Journal

Meaning of Journal

A journal is a book which contains the daily records of business transactions. Each record in a journal is called an **entry**. The journal is called a book of original entry because its entries are transferred to a second book.

Format of a Journal

Date	Particulars	Folio	Invoice No.	Amount

Types of Journal

We have two major types of Journals:

1. General Journal
2. Special Journal

General Journal

This is a book that records all transactions (both sales and purchases). It is also used to correct errors made in the books of account. It is used when no special journal exists. It can also be called The Journal. It shows:

1. The date;
2. The name of the account to be debited and the amount;
3. The name of the account to be credited and the amount;
4. A description of the transaction.

Format of a General Journal

Date	Particulars	Folio	Invoice No.	Dr (Debit)	Cr (Credit)

Advantages of using a general journal

1. The book-keeper does not need to rely on cramming
2. The risk of omitting a transaction or making one entry is reduced.
3. It helps in the detection of errors.

4. The entry in the journal provides enough information of transactions to persons.

Special Journal (Day Books): This is used to record only one type of entry. Types of Special Journals are listed below:

- a. Purchases Journal
- b. Sales Journal
- c. Return Inward Journal
- d. Return Outward Journal

In order to keep the general ledger free from unnecessary details, separate journals are kept for credit transactions concerning sales and purchases.

Let's take each of them one after the other.

Purchase Day Book or Purchases Journal

This is also known as the **bought Journal**. It is used to record all daily particulars of goods bought for resale on credit. It is maintained exclusively for credit purchases of goods meant for resale. Entries are made in the purchase journal from the purchase invoices issued by the sellers.

Example:

Famvar school made the following purchases on credit from KLY PLC, in the month of July:

July 4 - Office supplies #50,000.00

July 10 - Office equipment #800,000.00

July 21 - Office furniture. #200,000.00

From the above information provided above, write up the purchases journal of this company as at July 21.

Solution:

Purchases Journal

Date	Particulars (from whom purchased)	Folio	Invoice	Amount # : K
July 4	Office supplies		0056	50,000.00
July 10	Office equipment		0075	800,000.00
July 21	Office furniture		0080	200,000.00
Purchases Account: Dr				1.050,000.00

Sales Journal

This is one of the books of original entry. It is used to record daily sales of goods on credit. The recording of transactions into sales journals is the same as purchase journal except in posting to the ledger. In the ledger, debtors (customers) personal accounts are debited and sales accounts credited in the general ledger with the total amount of credits sales for the period.

Example:

Write up the sales journal of Famvar school, from the information given below:

February 10 - Sold to PriQueen school 60

dozens of marker @ #2,000.00.

February 20 - Sold to Huruk school, 40 pairs

of Cardigan @ #3,000.00 per pair.

Solution:

Sales Journal

Date	Particulars	Folio	Invoice No.	Amount
				# : K
February 10	PriQueen school 60 dozens of marker @ #2,000 per dozen.		0123	120,000.00
February 20	Huruk school 40 pairs of Cardigan @ #3,000.00 per pair.		0222	120,000.00
	Total Sales Account: Cr			240,000.00