Return Inwards (Sales Returns) Day Book
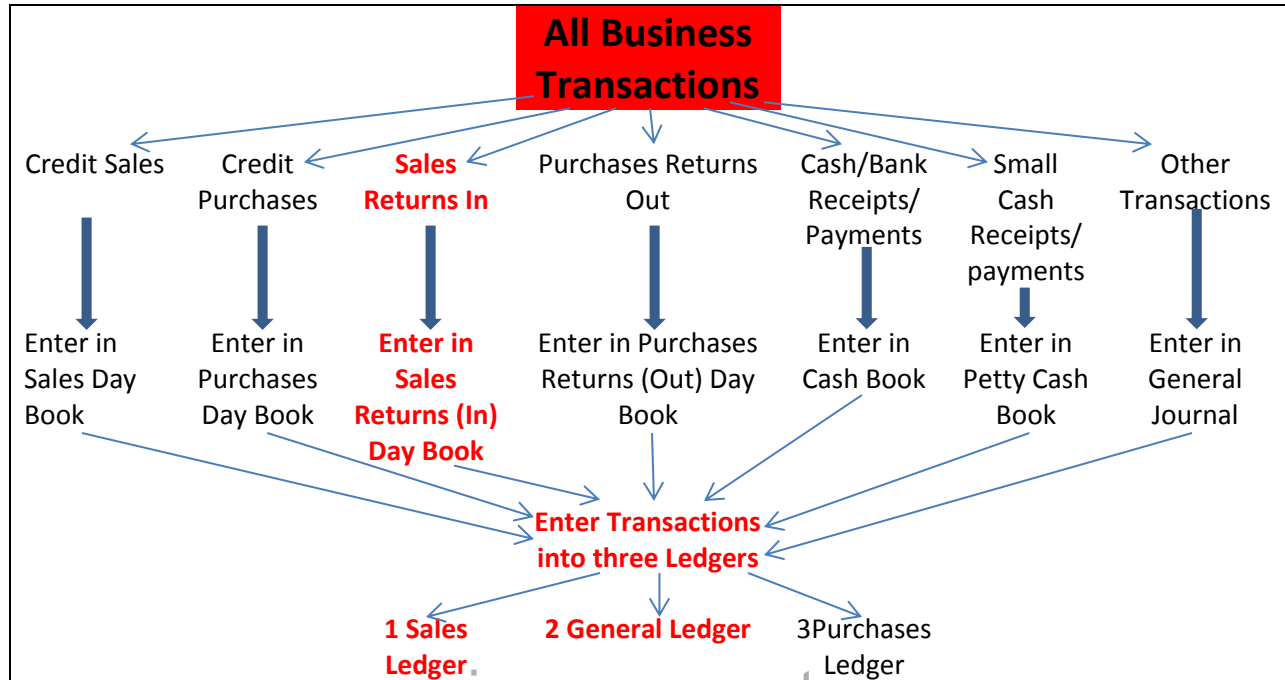
All Business Transactions

Credit Sales → Enter in Sales Day Book

Credit Purchases → Enter in Purchases Day Book

Sales Returns In → **Enter in Sales Returns (In) Day Book**

Purchases Returns Out → Enter in Purchases Returns (Out) Day Book

Cash/Bank Receipts/ Payments → Enter in Cash Book

Small Cash Receipts/ payments → Enter in Petty Cash Book

Other Transactions → Enter in General Journal

Enter Transactions into three Ledgers

1 Sales Ledger   **2 General Ledger**   3 Purchases Ledger

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1) **Sales Ledger:** To record the **trade receivables (debtors)** in personal named accounts only.

2) **Purchases Ledger:** To record the **trade payables (creditors)** personal account only.

3) **General Ledger:** To record everything all other **non-personal accounts**.

Sales Returns (Returns Inwards) Day Book → A book of original entry used by the book-keeper to enter all returns back into the firm by debtors (trader receivables) of stock (Inventory). Usually there will be a reason why goods have been returned on the debit note sent by the customer. The business will need to check that the goods ordered were sent incorrectly or were faulty (broken). If the reason given is accepted by the firm then the sales manager will send the customer a credit note for the cost of the goods sold. This will be deducted from the amount owing in their monthly statement.

A - **Debit Note** → Sent by the customer to the seller.

Buyer: Villa Market Ltd,
Aston Industrial Park,
Birmingham,
BM6 7CB.
Telephone: 01773832834
Fax: 01773832836

Purchases Returns
Debit Note

Supplier: GLT Fruits Ltd,
7 Limes Industrial Estate,
Alfreton,
DE55 7JW.

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11 June 2XX5

Quantity	Description	Price per Unit
2	Boxes of Cherries	$40
3	Boxes of Apples	$8
2	Boxes of Tomatoes	$20
Goods returned as they were damaged.	Signed: R. Lean. (Purchases Manager)	**144**

B – **Sales Returns Credit Note** → Sent by the seller to the customer once the firm has accepted that the goods are bad or that there was a mistake with the order eg wrong colour of goods.

Supplier: GLT Fruits Ltd,
7 Limes Industrial Estate,
Alfreton,
DE55 7JW.

Sales Returns Credit Note

Buyer: Villa Market Ltd,
Aston Industrial Park,
Birmingham,
BM6 7CB.
Telephone: 01773832834
Fax: 01773832836   15 June 2XX5

Quantity	Description	Price per Unit
2	Boxes of Cherries	$40
3	Boxes of Apples	$8
2	Boxes of Tomatoes	$20
Goods returned accepted as damaged.	Signed: E Z Street. (Sales Manager)	**144**

Sales Returns Day Book

Date	Description	Amount $
15 June 2XX3	Villa Market Ltd	144
	Total Sales (Debtors) transferred to Sales Returns Account for the month	**144**

Sales Ledger

Dr	$	Villa Market a/c	$ Cr
10.6.X5 Sales	1008	15.6.X5 Returns Inwards	144

:Dr	$	D Poole a/c	Cr
27.6.X5 Sales	1192		

General Ledger

Dr	$	Sales Returns a/c	$ Cr
30.6.X5 Total Sales Returns inwards for the month of June	144		

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Transferring the Total Sales Returns from the Sales Returns Inwards Day Book to the Sales Returns Inwards 'T' or ledger account saves the senior accountant having to enter all the debit entries into the Sales account.

Returns Outwards (Purchases Returns) Day Book
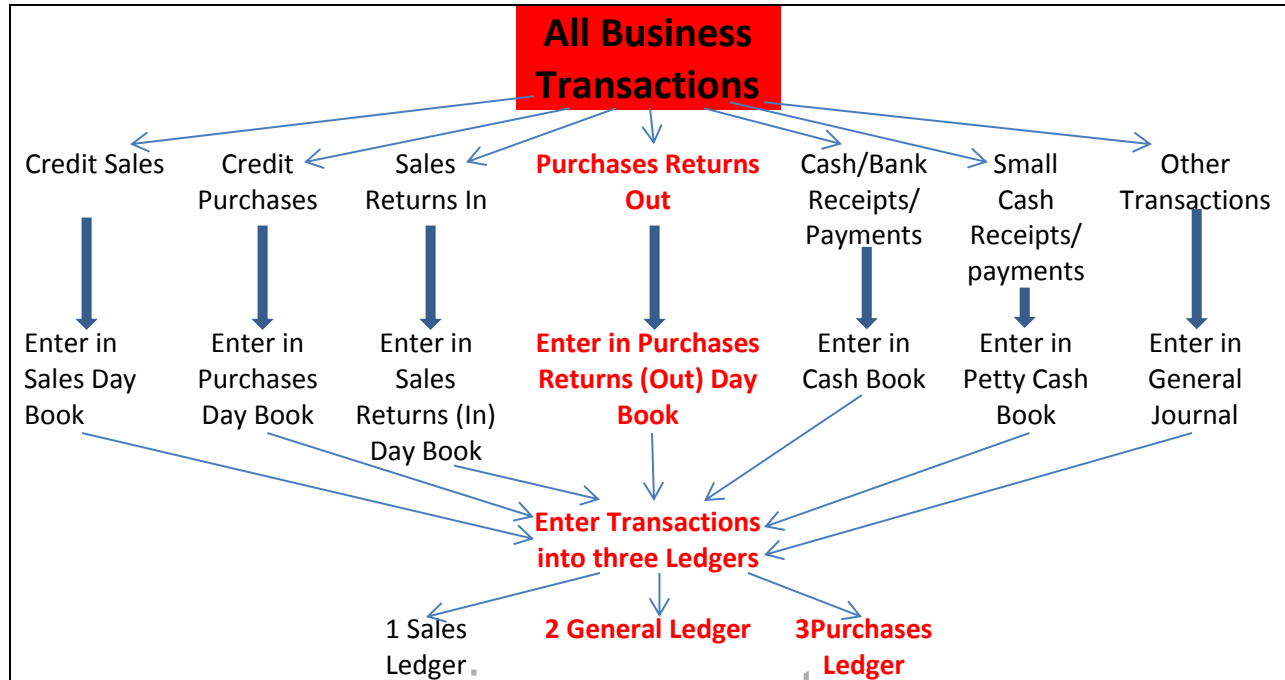
All Business Transactions

Credit Sales | Credit Purchases | Sales Returns In | **Purchases Returns Out** | Cash/Bank Receipts/ Payments | Small Cash Receipts/ payments | Other Transactions

Enter in Sales Day Book | Enter in Purchases Day Book | Enter in Sales Returns (In) Day Book | **Enter in Purchases Returns (Out) Day Book** | Enter in Cash Book | Enter in Petty Cash Book | Enter in General Journal

Enter Transactions into three Ledgers

1 Sales Ledger | **2 General Ledger** | **3 Purchases Ledger**

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1) **Sales Ledger:** To record the **trade receivables (debtors)** in personal named accounts only.

2) **Purchases Ledger:** To record the **trade payables (creditors)** personal account only.

3) **General Ledger:** To record everything all other **non-personal accounts**.

Purchases Returns (Returns Outwards) Day Book → A book of original
entry used by the book-keeper to enter all returns back out of the firm to Creditors (trade payables) of stock (Inventory). Usually there will be a reason why goods have been returned on the debit note sent to the seller. The supplier business will need to check that the goods ordered were sent incorrectly or were faulty (broken). If the reason given is accepted by the firm then their sales manager will send us a credit note for the cost of the goods sold. This will be deducted from the amount owing in the monthly statement.

A - **Debit Note** → Sent by our firm to the supplier.

Buyer: GLT Fruits Ltd, 7 Limes Industrial Estate, Alfreton, DE55 7JW	

Purchases Returns
Debit Note

Supplier: Apple Orchards,
   23 Marsden Close,
     Orpington,
      Kent.

www.igcseaccounts.com 16 June 2XX5

Quantity	Description	Price per Unit
3	Boxes of Apples	$8
Goods returned as they were damaged.	Signed: R. Lean. (Purchases Manager)	**24**

B – **Sales Returns Credit Note** → Sent by the customer once the firm has accepted that the goods (apples) were bad.

Supplier: Apple Orchards,
23 Marsden Close,
Orpington,
Kent.

Sales Returns Credit Note

Buyer: GLT Fruits Ltd,
7 Limes Industrial Estate,
Alfreton,
DE55 7JW.

25 June 2XX5

Quantity	**Description**	**Price per Unit**
3	Boxes of Apples	$8
Goods returned accepted	Signed: E Z Street.	**24**
as damaged.	(Sales Manager)	

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Purchases Returns Day Book

Date	Description	Amount $
25 June 2XX3	Apple Orchards Ltd	24
	Total Purchases Returns (Suppliers) transferred to Purchases Returns Account for the month	**24**

Purchases Ledger

Dr	$	Villa Market a/c	$ Cr
25.6.X5 Purchases Returns	24	15.6.X5 Purchases	24

General Ledger

Dr	Sales Returns a/c	$ Cr
	30.6.X5 Total Purchases Returns Outwards for the month of June	24

Transferring the Total Purchases Returns from the Purchases Returns Inwards Day Book to the Purchases Returns Inwards 'T' or ledger account saves the senior accountant having to enter all the credit entries into the Purchases Returns account.

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