

Journal

Journal → a book of original entry that is used by the book-keeper to record transactions that do not fit into any other day book. The main uses of a journal are:

- the purchase and sale of non-current (fixed assets) on credit
- the correction of errors
- writing off a firm's bad debts
- to record opening balances in a new set of books
- to record any other transaction that is not relevant to the other six day books

1- Purchase and sale on credit of fixed assets.

Example 1: A machine was bought on credit from the Toolstation for \$600 on 1 July 2XX7.

Journal

Date	Details	Dr	Cr
2XX7		\$	\$
July 1	Machinery	600	
	Toolstation		600
Narrative	Purchase of machine on credit		

Example 2: Sale of motor vehicle no longer needed by the firm for \$300 on credit to A Daly on 2 July 2XX7.

Journal

Date	Details	Dr	Cr
2XX7		\$	\$
July 2	A Daly	300	
	Motor Vehicle		300
Narrative	Sale of motor vehicle on credit to A Daly		

2- Writing off bad debts

Example 3: A debt of \$125 owing to the firm from H. G. Wells is written off as a bad debt on 31 September 2XX7. A bad debt is an expense that will need to be written off from H. G. Wells' account as the company believes he will never pay it. Usually this is the case when the debtor becomes bankrupt and goes out of business.

Journal

Date	Details	Dr	Cr
2XX7		\$	\$
September 31	Bad Debts	125	
	H. G. Wells		125
Narrative	H. G. Wells' account is written off as a bad debt		

3- Opening Entries.

Example 4: I. N. Brew has decided to start keeping proper books of original entry after being in business for some years. On 1 June 2XX7 she had the following balance on her accounts:

Assets: MotorVan \$1680, Fixtures & Fittings \$1400, Stock \$780, Debtor B. Old \$190, Debtor U. Shave \$90, Bank \$80, Cash \$40.

Liabilities: Creditor M. Quill \$258, C. Waters \$82

In order to start the process of collecting the relevant balances in a book of original entry the balance on the asset and liability accounts are double entered in the journal for reference by the senior accountant.

Journal

Date	Details	Dr	Cr
2XX7		\$	\$
June 1	Motor Van	1680	
	Capital		1680
	Fixtures and Fittings	1400	
	Capital		1400
	Debtor B. Old	190	
	Capital		190
	Debtor U. Shave	90	
	Capital		90
	Bank	80	
	Capital		80
	Stock	258	
	Creditor - Quill		258
	Stock	82	
	Creditor		82

4- Other items

Example 5 – K. Man, a debtor, owes the firm \$4000 on 1 October 2XX7. He is not able to pay his debt so the firm accepts a motor vehicle on 5 October in full payment of the money owing to the company.

Journal

Date	Details	Dr	Cr
2XX7		\$	\$
July 5	Motor Vehicle	4000	
	K. Young		4000
Narrative	Accepts a Motor Vehicle as full payment of K. Young's debt.		