

ORIGIN OF TRANSACTIONS

SOURCE DOCUMENTS

Document is an evidence of a transaction or an event as source document based on which accounts are debited and credited with the transacted amount.

Examples : Cash memo showing cash sales ,

An invoice showing sales of goods on credit,

Bills of purchase showing purchase of goods on credit ,

These documents are source documents and are evidence in support of a transaction. They are also sometimes called supporting documents.

CASH MEMO

It is prepared by the seller when goods are sold against cash. It has details of goods sold , quantity, rate of each item and total amount received , beside the date of transactions and other terms and conditions, if any.

See specimen on page no. 7.2

INVOICE

1. An invoice or Bill is prepared by the seller when the goods are sold on credit.
2. It has details of the party to whom goods are sold , goods sold and total sale amount .
3. The original copy of the sales invoice is sent to the Purchaser and duplicate copy is retained as an evidence of the sales for recording it in the books of account and for future reference.

specimen on Page no. 7.2

RECEIPT

1. When cash or cheque is received from a customer receipt for the amount received is issued.
2. The receipt is prepared in duplicate.
3. The original copy is given to party making the payment and duplicate is kept for record.
4. It has details of date, amount, name of the party and nature of the payment.

Specimen on page no. 7.3

PAY IN SLIP

1. It is a source document used for depositing cash or cheques into bank.
2. It is a form available from a bank .It has a counter Foil which is retained by the depositer.

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CHEQUE

1. It is a document in writing, drawn upon the bank with which the account is held and is payable on demand.
2. The name of the party to whom payment is made is to be made is written after the words 'Pay To'.
3. It is dated and signed by the drawer.

Specimen on page no. 7.4

DEBIT NOTE

1. It is made out evidences that a debit has been made to the amount of the party named in the debit note .
2. It details the reason for Debit.
3. It is used for Goods return by supplier and it is prepared by purchaser.

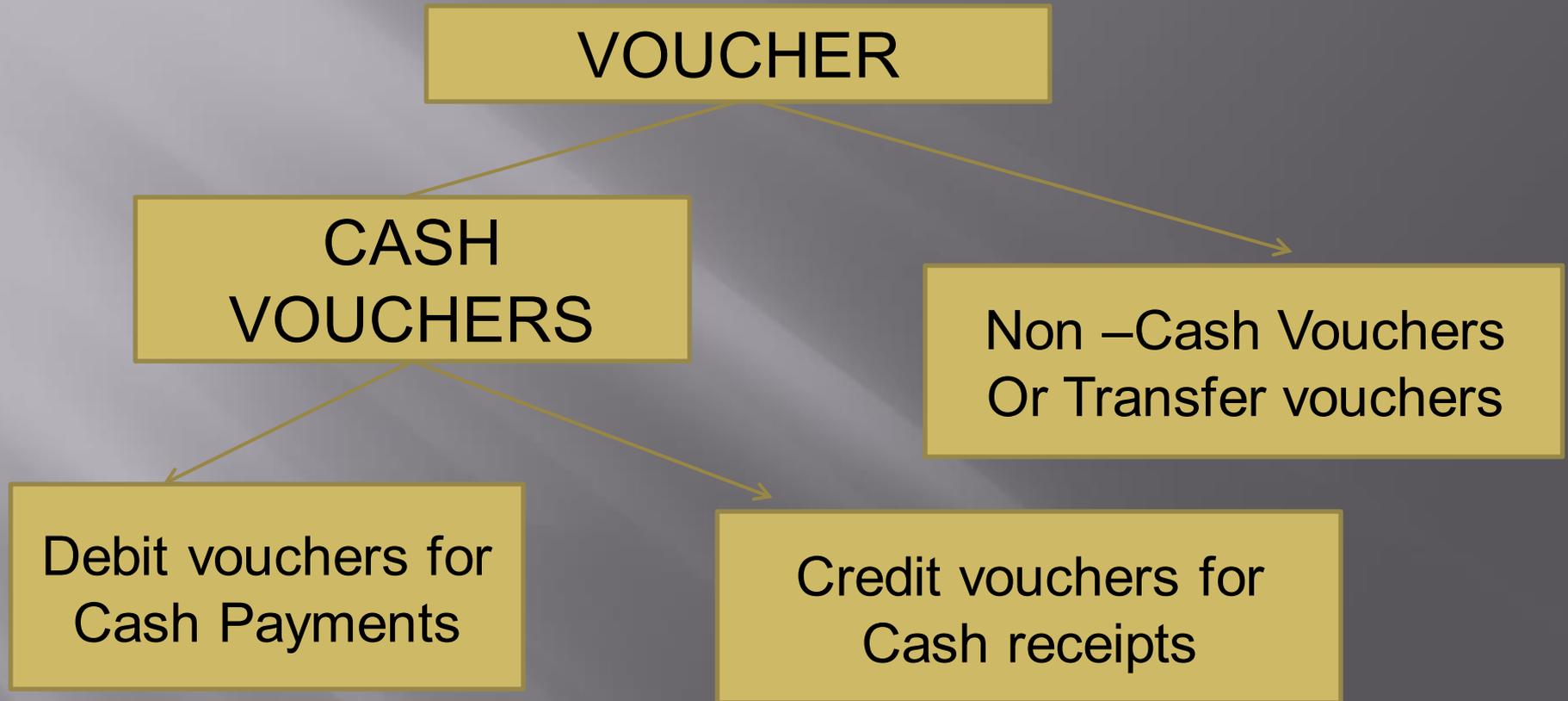
CREDIT NOTE

1. It is made out evidencing that credit has been Granted to a debtor.
2. If customer return goods previously invoiced or customer is allowed further discount, a credit note is issued.

VOUCHER

1. On the basis of source documents entries are first of all, record on vouchers and then on the basis of Vouchers recording is made in the journal or in the Books of original entry.
2. A separate voucher is prepared for each transactions and it specifies the accounts to be debited and credited.
3. Vouchers are prepared by an accounted and each voucher is countersigned by an authorized person.
4. A serial number is put on each voucher and relative source document are attached with the voucher.

TYPES OF VOUCHER



CASH VOUCHERS

1. **Cash Vouchers** : Cash vouchers are prepared for cash transactions i.e. cash receipts and cash payments.

These are of two types , Debit and credit vouchers.

Debit Vouchers : These are prepared for transactions involving cash payments such as:

- * Cash expense
- * cash purchase of goods
- * Cash purchase of investment
- * Cash purchase of fixed assets
- * Cash payments to creditors

Credit Vouchers: For cash receipts such as

- * Receipts of Income
- * cash sales of goods
- * Cash sales of investment
- * Cash sale of fixed assets
- * Cash receipts from debtors

NON CASH VOUCHER OR TRANSFER VOUCHER

These vouchers are prepared for non cash transactions such as:

- Credit purchase or sale of goods
- Credit purchase or sale of investment
- Credit purchase or sale of goods
- Credit purchase or sale of fixed assets
- For providing depreciation
- For writing off bad debts