

CHAPTER THREE

ACCOUNTING SOURCE DOCUMENTS

CHAPTER OUTLINE

- ❖ Sales Invoice
- ❖ Purchases Invoice
- ❖ Debit Notes
- ❖ Credit Notes
- ❖ Payment Vouchers
- ❖ Receipts
- ❖ Bank Pay -In - slips
- ❖ Cheque Counterfoils

Learning Objectives

At the end of this chapter, the student should be able to:

- Identify and explain the use of accounting source documents
- Differentiate among the accounting source documents.
- Explain the relationship between accounting source documents and prime books

ACCOUNTING SOURCE DOCUMENTS.

Accounting relies so much on effective documentation. Every datum recorded must be capable of being traced to a correct source.

Source documents are therefore, used to initiate recording of business transactions. It is from the source documents that financial records are extracted to the books of original entry. The source documents therefore, serve as evidence of financial transactions.

The basic source documents include:

1. Sales Invoice
2. Purchases Invoice
3. Debit Notes
4. Credit Notes
5. Payment Vouchers
6. Receipts
7. Bank Pay-In-Slips
8. Cheque Counterfoils.

3.1 SALES INVOICE: This is the source document issued by the seller to the buyer, requiring the buyer to pay for the amount stated on the invoice for goods supplied or services rendered. When services are rendered, a bill is issued in place of sales invoice. The sales invoice serves as a source document for the sales day book. It needs to be stated that sales invoice equally serves as purchases invoice. To the seller, it is a sales invoice whereas to the buyer it is a purchases invoice. The seller uses it to record his or her credit sales in the sales day book while the purchaser uses it to record his or her purchases in the purchases day book.

Features of a sales invoice

A typical sales invoice should have the following features:

- a) Name and address of the buyer
- b) Date of the sales
- c) Particulars of the goods
- d) Unit price of goods and total amount
- e) Discount, if any
- f) Amount charged for VAT
- g) Other conditions, if any
- h) Signature of the buyer and seller
- i) Pre-numbering.

