

Reading Material

XI Accountancy

JOURNAL

Meaning: Journal is a daily record of business transactions. It is also called a Day book and is used for recording all day to day transactions in the order in which they occur. It is a book of original entry as all transactions are recorded first in this book. The process of recording a transaction in the journal is called journalizing and the entries in this book are called journal Entries.

Format: The pro-forma of Journal is as under:

Date	Particulars	Ledger Folio	Debit (Rs.)	Credit (Rs.)

Column (1) is meant for writing the date of transaction

Column (2) is used for recording the names of the two accounts affected by the transactions. The name of the account to be debited is followed by the word 'Dr.' and the name of the account to be credited is preceded by the word 'To'.

Column (3) is intended for noting the number of the page of the ledger on which the particular account appears in that book.

Column (4) shows the amount to be debited to the account named.

Column (5) shows the amount to be credited to the account stated.

Narration: After the two accounts affected by a transaction have been stated in the second column of the journal, a brief explanation of the reason why a particular account is debited or credited should be given, and this is called narration. Under the narration a line should be drawn across the second column in order to separate transactions from one another.

Let us take a transaction and see how it is recorded in the Journal. Purchased furniture for Rs. 15000 on 06.06.2020:

Date	Particulars	Ledger Folio	Debit (Rs.)	Credit (Rs.)
06.06.2020	Furniture A/cDr. To, Cash A/c (Being furniture purchased)	2	15000	15000

Features: The following are the basic features of Journal:

- a. **Book of Original Entry:** Journal is called the book of original entry as any transaction that takes place is first recorded here.
- b. **Day Books:** Journal is called a day book as the transactions are recorded here on the same day as they take place.
- c. **Chronological:** All the transactions that take place are recorded date wise in the journal.
- d. **Narration:** One of the important features of Journal is the narration which is appended below the transaction in column no 2.

Importance: The following functions reveal the need as importance of Journal:

- a. **Analytical Function:** Firstly all the transactions are analyzed into debit and credit in the Journal.
- b. **Recording Function:** It records all transactions chronologically according to their date of occurrence with narrations.
- c. **Historical Function:** Journals are recorded in the books as soon as they take place; it provided a diary of transactions.
- d. **Identity Function:** Journal maintains the identity of each transaction separately.

Advantages: The following are the advantages of Journal:

- a. **Chronological record:** journal provides date wise information to the users.
- b. **Reducing errors:** Errors of omission are minimized if transactions are recorded in Journal.
- c. **Helps in preparing accounts:** After recording in journal entries are posted to ledger and the balances then help in the preparation of final accounts.
- d. **Legal document:** Journal is the book of primary legal evidence of business transactions as each transaction is recorded in Journal.