

CHAPTER 4

Vouchers and their Preparation

Learning Objectives

After studying this chapter you will be able to

- understand the meaning of vouchers
- appreciate the importance of vouchers
- classify vouchers into supporting vouchers and accounting vouchers
- classify accounting vouchers into cash vouchers, debit vouchers, credit vouchers, transfer vouchers and adjustment vouchers
- understand the purpose of preparing different types of accounting vouchers
- prepare the different types of accounting vouchers.

As discussed in Chapter 2, the transactions in the books of accounts are recorded on the basis of some documentary evidence which prove beyond doubt that the transaction actually took place. These documents are called vouchers. After recording the transactions on the basis of the information provided by them, vouchers are kept in chronological order in files for future reference. In this chapter we will discuss the different types of vouchers, their importance, and preparation.

When a business enterprise makes purchases it receives, from suppliers, a cash memo, or bill, or invoice, and similarly, when the business sells goods to its customers it issues similar types of cash memos, credit memos, invoices or bills to them while retaining the duplicate copies of these documents with it. These documents are proof's of transactions having taken place. On the basis of these documents the accountant records the transactions in the books of accounts. Therefore, we can say that a document which supports a transaction is called a voucher.

4.1 Types of Vouchers: Vouchers are of two types

- i) Supporting vouchers
- ii) Accounting vouchers

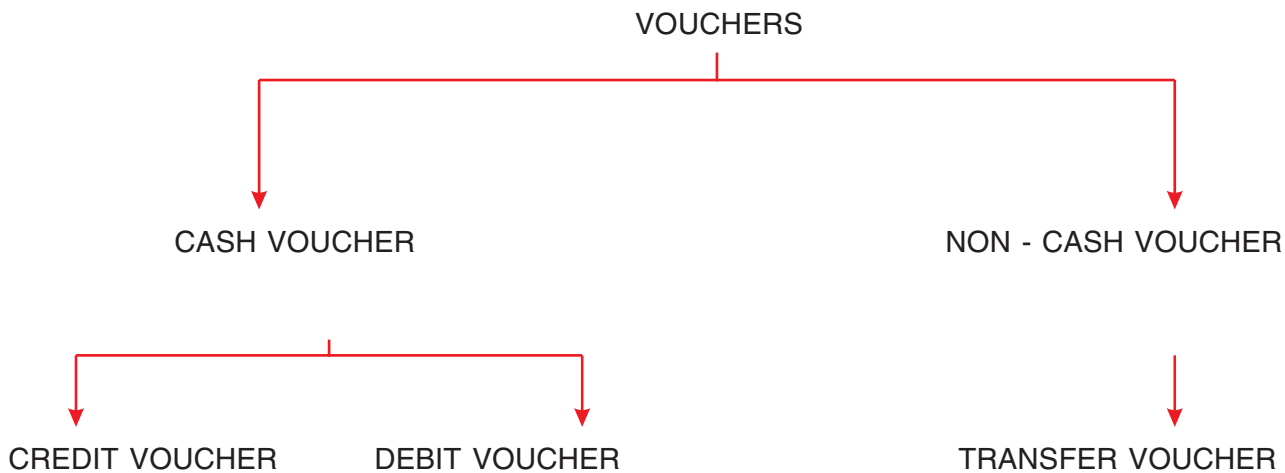
Vouchers which support business transactions are called supporting vouchers, for e.g., cash receipts, invoices, bills, counterfoils of pay-in-slips confirming the deposit of cash or cheques in the bank etc. Supporting vouchers are the primary evidence of business transactions having taken place.

A supporting voucher is a written document having details of the business transaction and signed by the maker. It can be used as legal evidence of a business transaction having taken place.

Supporting vouchers, for the purpose of recording the transactions in the journal proper or subsidiary books, are handed over to the accountant. These supporting vouchers may be in different forms, shapes and sizes. No doubt that supporting vouchers support business transactions but before the transactions are recorded in the books of accounts they should be properly analysed. The analysis of business transactions for the

purpose of recording is done by preparing another set of vouchers called 'accounting vouchers'. An accounting voucher, therefore, refers to a written document containing the analysis of business transaction for accounting and recording purposes, prepared by the accountant on the basis of supporting vouchers. The accounting voucher is countersigned by some authorised and responsible person of the business organisation. We shall discuss accounting vouchers in detail here.

The different types of vouchers have been shown with the help of the following diagram.



4.2 Types of Accounting Vouchers: Accounting vouchers may be divided into two categories.

- i) Cash vouchers
- ii) Non-cash vouchers

4.2.1 Cash Vouchers: Cash vouchers are prepared for cash transactions i.e. cash receipts and cash payments. They can be further subdivided into two

- i) Credit vouchers and
- ii) Debit Vouchers

Credit Vouchers: Credit vouchers are prepared for recording transactions related to receipt of cash only. The business may receive cash because of the following reasons.

- Cash sales of goods
- Cash sales of assets
- Income received in cash, for e.g., rent received, interest received, dividend received on investments etc.
- Cash received from debtors
- Loan obtained
- Cash withdrawn from bank for use in business
- Cash brought as capital by the owner(s)
- Cash received in advance from the customers or for providing certain other services.

In all transactions pertaining to the receipt of cash, one aspect of the transaction is cash account and the other aspect is the account on account of which cash has been received, for e.g., the individual, or firm, or entity from whom cash has been received, or the revenue heads of accounts, or the fixed asset on the sale of which cash has been received. While recording a transaction on the basis of a credit voucher, cash account is debited with the amount given in the voucher and the account on account of which cash has been received is credited. The name of the account which is to be credited is mentioned in the credit voucher. The format of a credit voucher is given below.

CREDIT VOUCHER

Name of the Business	
Voucher No. _____	Date _____
Credit Name of the individual/firm/company/asset/Revenue A/c on account of which cash is received (vide Bill No.)	Amount Rs
Sd/- Manager	Sd/- Accountant

Illustration 1 : The cash memo booklet of M/s Gee Computers shows the sale of a computer for Rs. 25000. Prepare a credit voucher of the same.

CREDIT VOUCHER

GEE COMPUTERS 24, NEHRU PALANCE NEW DELHI	
Cash Memo NO.269	Date : 14.4.2007
Credit Sales Account	Amount in Rs 25,000/-
Total	25,000/-
Signature (S.N.Singh) Manager	Signature (Ashok Kumar) Accountant

Debit Vouchers: Debit vouchers are prepared for recording transactions pertaining to payment of cash only. The cash payments in a business may be because of the following reasons.

- Cash purchases
- Cash purchase of assets
- Cash payment for expenses
- Cash payments to creditors
- Cash withdrawn by the owners for personal use
- Repayment of loans and advances
- Cash deposited into bank.

In all cash payments, one account affected by the transaction is cash account and the other is the party to whom the payment is made, or the expense or the item of property for which payment is made. Revenue stamp is needed on the voucher if the amount is more than Rs. 5000/-. The format of a debit voucher is given below.

DEBIT VOUCHER

Received Rs _____ The part of the debit voucher marked with words as a supporting voucher in case of transactions where the supporting voucher is not available e.g. payment for hiring taxi, autorikshaw etc.	FIRM'S NAME	
	Voucher No. _____	Date _____
	Debit	Name of the account on account of which payment is made (vide cash memo No.)
	Sd/ Manager	Sd/ Accountant

Illustration 2. A cash memo issued by M/s Sunil Kumar in favour of M/s Anil Kumar, 73A Ram Nagar, Hyderabad, shows a sale of goods of Rs. 10,000. Prepare a debit voucher for M/s Anil Kumar on the basis of this cash memo.

Received Rs _____ REVENUE STAMP	M/S ANIL KUMAR 73 RAM NAGAR HYDERABAD	
	No. 1324	Date: 15.4.2007
	Debit	PURCHASES (vide Cash Memo No.) Total
	Sd/ Manager	Accountant

4.2.2 Transfer Voucher: These days every business enterprise undertakes large number of credit transactions. For recording such transactions another type of voucher is prepared which is called a transfer voucher. A transfer voucher, thus, is a voucher prepared for recording credit and other non-cash transactions. Some examples of non-cash transactions are

- Credit Purchases
- Credit Sales
- Returns Outwards
- Returns Inwards
- Depreciation on Fixed Assets
- Bad Debts etc.

Since transfer vouchers are prepared for non-cash transactions, therefore, the transactions do not involve any cash receipt or cash payment. Since every transaction has two aspects, and here none of the aspects involves cash, therefore, these vouchers are simultaneously prepared both in debit and credit forms. The transfer voucher has a column for the account to be debited and another column for the account to be credited. The format of such a voucher is as follows.

TRANSFER VOUCHER

FIRM'S NAME	
Voucher No. _____	Date _____
Amount (Rs)	
Debit	Name of the account to be debited
Credit	Name of the account to be credited
Sd/- Manager	Sd/- Accountant

Illustration 3: On 1.4.2007, Shyam Electrical Co. purchased 100 CFL tubelights @ Rs 30 each and 10 table fans @ Rs 500 each on credit from Sultan Traders. Prepare a transfer voucher for recording the transaction in the books of Shyam Electricals.

TRANSFER VOUCHER

M/S SHYAM ELECTRICALS 12/4 BHAGIRATH PALACE, DELHI	
Voucher No. 417	Date: 1.4.2007 Amount (Rs)
Debit	Purchase Account
	100 CFL Tube lights @ Rs 30 each
	10 Table Fans @ Rs 500 each
	Bill No. 395
	Total
Credit	M/s Sultan Trader
	Total
Sd/- Manager	Sd/- Accountant

4.3 Process of Preparation of Accounting Vouchers: Transactions in the books of accounts of a business enterprise are recorded with the help of accounting vouchers. These accounting vouchers are prepared on the basis of supporting vouchers. The process of preparation of accounting vouchers involves the following steps

- i) Analysis of supporting vouchers
- ii) Identification of the accounts
- iii) Preparation of accounting vouchers

We will discuss each of these steps separately

4.3.1 Analysis of Supporting Vouchers: This is done with the objective to ascertain the nature of the transaction - whether it is a cash transaction or non-cash transaction. Cash transaction can be (a) cash receipts or (b) cash payments. Supporting vouchers for cash receipts may be the following.

- Duplicate copies of cash memos issued by the firm
- Duplicate copies of the cash receipts issued on account of rent received, commission received, and interest received etc.

Vouchers for cash payments may include the following.

- Cash memos received from the sellers
- Original copies of receipts received on account of rent, commission, interest paid in cash.
- Receipts of bills such as electricity bill, telephone bill, water bill etc.
- Counterfoils of pay-in-slips.

Non-cash transactions may include

- Credit purchases
- Credit sales
- Return outwards
- Returns inwards
- Depreciation of fixed assets
- Bad debts etc.

Supporting vouchers for credit purchases may be the original copies of the invoice received from the supplier of goods, for credit sales they may include duplicate copy of invoice or bill, for return outwards and return inwards they may be debit notes and credit notes.

4.3.2 Identification of Accounts: After the analysis of supporting vouchers as just discussed, in the second step the accounts that are affected by the transaction are identified. This can be illustrated with the help of the following examples.

Example 1: A cash memo for goods sold for cash. This is a supporting voucher for cash receipt. The two accounts affected in this support voucher are cash account and sales account.

Example 2: Payroll. A payroll gives details of the salary paid to the employees. This is a supporting voucher for a cash payment. Two accounts involved are salary account and cash account.

Example 3: An invoice for goods sold on credit to M/s Ram Kumar. This is a supporting voucher for a non-cash transaction. The two accounts affected by the transaction are sales account and M/s Ram Kumar Account.

4.3.3 Preparation of Accounting Vouchers: After analysing the supporting vouchers and identification of the accounts that are affected by the supporting voucher, the last step in the process is the preparation of the accounting voucher itself. At the time of preparation of the accounting voucher we must understand its structure. An accounting voucher has three parts

- (i) Uppermost part: In this part the name of the firm, date of preparing the voucher and voucher number are written.
- (ii) Middle part: In this part the description of the transaction is written.
- (iii) Lower part: This part is meant for the signatures of the accountant and countersignatures of some authorised responsible person.

The uppermost part and the lower part in all the vouchers are the same. The only difference is in the middle part. This part may be different taking into account the type of the voucher that is being made. Usually the vouchers are in printed forms in which the Firm's Name, Voucher Number, Date, Debit/Credit, Amount etc. are already printed and the accountant may have to fill in the details only.

Illustration 4. The following transactions took place in the book of M/s Prem Medicales Store, SCF-89, Sector-46C, Chandigarh. Prepare debit, credit and transfer vouchers.

Date	Particulars	Amt.
2006		
i Mar. 1	Purchased furniture for cash vide Cash Memo No.161	15,000
ii Mar 4	Salary & wages paid for the month of Feb'2006 vide Salary & Wages Sheet No.13	3,600
iii Mar.10	Sold goods for cash vide Bill No 2175.	12,000
iv Mar. 13	Bought goods from M/s Chawla & Sons vide Bill No.1171	4,000
v Mar. 16	Withdrawn cash from Bank for office use vide Cheque No.13126	3,000
vi Mar. 19	Depreciation charged on furniture @ 15% on Rs 20,000	

(v) **Solution :**

M/s Prem Medical Store	
Voucher No. iv	Date:16-03-06
	Amt. (Rs)
Credit : Bank A/C	3,000
(being cash withdrawn from bank vide Cheque No.13126)	3,000
Authorised By:	Prepared By:

Transfer Vouchers

(iv)

M/s Prem Medical Store	
Voucher No.(v)	Date:13-03-06
	Amt. (Rs)
Debit:- Purchase A/c	4,000
	4,000
Credit: M/s Chawla & Sons	4,000
(being goods bought from Chawla & Sons vide bill No.1171)	4,000
Authorised By:	Prepared By:

(vi)

M/s Prem Medical Store	
Voucher No.(vi)	Date:19-03-06
	Amt. (Rs)
Debit: Depreciation A/c	3,000
	3,000
Credit : Furniture A/c	3,000
(being depreciation charged @ 15% on Rs.20,000)	3,000
Authorised By:	Prepared By:

(i) Debit vouchers

REVENUE STAMP	Received Rs _____	M/s Prem Medical Store	
		Voucher No.(i)	Date : 01-03-06
		Amt. (Rs)	
		Debit: Furniture A/c	15,000
		(being furniture purchased for cash vide Cash Memo No.161)	15,000
		Authorised By:	Prepared By:

(ii)

REVENUE STAMP	Received Rs _____	M/s Prem Medical Store	
		Voucher No.(ii)	Date : 04-03-06
		Amt. (Rs)	
		Debit: Salary & Wages A/c	3,600
		(being salary & wages paid for the month of Feb '2006 vide Salary & Wages Sheet No.13)	3,600
		Authorised By:	Prepared By:

(iii) Credit Vouchers

REVENUE STAMP	Received Rs _____	M/s Prem Medical Store	
		Voucher No.(iii)	Date : 10-03-06
		Amt. (Rs)	
		Credit: Sales A/c	12,000
		(Being goods sold for cash vide Cash Memo No.2175)	12,000
		Authorised By:	Prepared By:

Key Terms Introduced in the Chapter

- Source documents
- Cash Memo
- Vouchers
- Transactions
- Revenue Stamp
- Voucher no.
- Accounting Vouchers
- Non-cash Vouchers
- Debit
- Credit
- Debit note
- Credit note
- Pay-in-slip
- Invoices & Bills
- Cheques
- Bill No.
- Invoice No.

Summary with Reference to Learning Objectives

A voucher may be defined as a written document to be used in support of entry made in the book of accounts.

Special features of vouchers

- Vouchers are documentary evidence
- They are written documents
- They Support the entries appearing in the books
- They Present full description of the transactions
- They Substantiate the accuracy of the entries in the book of account.

Examples of Vouchers

- Cash Receipts
- Cash Payments
- Purchases
- Sales
- Purchased Return

Contents of Accounting Vouchers

- Name and address of the firm
- Voucher number
- Date
- Details of party to be debited
- Details of party to be credited
- Proof of receiving the amount
- Revenue stamp (if the amount is Rs 5,000 or exceeds Rs 5,000)
- Signature of the accountant and officer of the firm

Classification/Types of Vouchers**Supporting Vouchers**

- Internal supporting vouchers
- External vouchers

B. Accounting Vouchers

- Cash vouchers which are of two kinds (i) Debit (payment) vouchers (ii) Credit (receipt) voucher
- Non-cash vouchers or transfer vouchers.

Practical Questions

1. Prepare debit vouchers in the books of Bright Computers, a firm dealing in computers.

2006	Particulars	Rs
Jan.1	Purchased computer for cash vide Memo No.731	25,000
Jan.7	Salary paid for the month of Dec,2006 vide Salary Sheet No.99	15,000
Jan.11	Paid for rickshaw hire	25
Jan.16	Paid cash of Ram & Sons A/c, vide Memo No.101	2,500

2. Prepare credit voucher in the book of M/s Ayan Traders.

2006	Particulars	Rs
Mar.1	Starting business with cash	1,50,000
Mar.4	Sold raw material to Ashu on cash vide Bill No.15	75,000
Mar.8	Sold raw material for cash vide Cash Memo No.116	31,000
Mar.15	Withdrawn from bank for office use by Cheque No.10121	12,000
Mar.28	Received cash from Gian and Co. vide Cash Memo No.14	5,500

3. Prepare transfer vouchers from source voucher:

2006	Particulars	Rs
Jan.1	Bought of goods from Ram on credit vide Bill No.515	5,200
Jan.8	Sold goods to M/s Aman vide Bill No.17125	6,000
Jan.31	Depreciation charged on machinery @ 10% on Rs.100,000	10,000

4. Prepare accounting vouchers.

2006	Particulars	Rs
Apr.1	Commission received vide Cash Receipt No.4443	15,000
Apr.9	Discount received vide Cash Receipt No.5521	5,007
Apr.16	Paid for conveyance vide Cash Memo No.80	2,001
Apr.19	Paid for wages vide Cash Memo No. 156	7,002
Apr.25	Purchased cloths on credit vide Bill No. 2251	50,000

5. Prepare debit voucher on the books of HCL Computer Ltd, New Delhi, a firm dealing in computers.

Date 2006	Particulars	Amt. Rs
Jan.1	Purchased computer for cash vide Memo No.1021	27,000
Jan.6	Salary paid to Rajeev Sharma for the month of Dec. 2006 vide Salary Sheet No.13	7,500
Jan.9	Paid for octroi charges	110
Jan.10	Paid wages to labour	600
Jan.15	Paid cash of Singla & Associate A/c, vide Memo. No.17	10,000
Jan.16	Purchased computer for cash vide memo. No.29	20,000

6. Prepare debit vouchers in the books of Mohindra Book Depot, Sector-31, Chandigarh, a firm dealing in books.

Date 2006	Particulars	Amt. Rs
July 1	Purchased books from Arya Book Depot, New Delhi for cash vide Memo No.21	11,000
July 3	Paid cash to Aman Verma A/c	3,000
July 6	Paid commission	70
July 8	Paid salary to employee for the month of June	2,000

7. Prepare credit vouchers in the books of M/s Singla Provision Store, Sector-47D, Chandigarh.

Date 2006	Particulars	Amt. Rs
April 1	Business started with cash	350,000
April 4	Received cash from Karan Singh vide Cash Memo No. 271	6,000
April 6	Sold goods to Mr Anil Puri on cash vide Bill No.176	10,000
April 9	Withdrawn from bank for office use by Cheque No.16342	7,300
April 15	Sold goods to Miss Nikita Naithani for cash vide Memo No.117	10,200
April 20	Cash received from Surjit Paul Tirkey vide Cash Memo No.716	12,000

8. Prepare transfer vouchers from source voucher.

Date 2006	Particulars	Amt. Rs
March 2	Bought goods from Rajeev Sharma on credit vide Bill No.132	76,000
March 6	Sold goods to Mrs Kavita Singh vide Bill No.17126	3,000
March 10	Depreciation charged on furniture @ 2½% on Rs 6,700	

9. Prepare accounting vouchers with the following information.

Date 2006	Particulars	Amt. Rs
June 2	Rent received vide Cash Receipt No.101	3,000
June 9	Discount received vide Cash Receipt No.117	1,200
June 11	Paid for conveyance vide Cash Memo No.119	125
June 15	Paid wages vide Cash Memo No. 123	560
June 20	Purchased clothes on credit vide Bill No.242	15,000

Q10. Prepare debit voucher in the books of Surjeet Book Depot Mansa, a firm which sells books.

Date 2006	Particulars	Amt.Rs.
Jan. 1	Purchased furniture for cash vide Memo No.131	3,000
Jan. 6	Paid for freight for car hire	50
Jan. 9	Paid cash to Manghat Ram Jain A/c vide Memo No.112	3,100
Jan. 12	Paid salary to Manoj kumar for the month of Dec.	1,200

Q11. Prepare transfer vouchers from the following information of M/s Jain Cloth Store, Chandni Chowk, Delhi.

Date 2006	Particulars	Amt.Rs.
March 1	Purchased goods from Pardeep Emporium, Rewari, vide Bill No.236	20,000
March 6	Depreciation charged on office equipment @ 2% on Rs 37,000	

Q12. Prepare accounting vouchers with the following information.

Date 2006	Particulars	Amt.Rs.
July 1	Purchased goods on credit from Universal Trader vide Bill No.137	17,000
July 6	Received cash from Jagat Ram & Sons vide Cash Receipt No.62	6,000
July 7	Paid salary to Rajan vide Cash Memo No.89	14,000
July 8	Sold goods to Bansal Provision Store vide Cash Memo No.77	8,300
July 10	Depreciation on furniture @3.5% on Rs 1,50,000	

Q13. Prepare credit vouchers in the books of M/s Mukesh Cosmetics Traders.

Date 2006	Particulars	Amt.Rs.
March 1	Business started with cash	1,50,000
March 2	Sold goods to Swati Traders on Cash Bill No.163	20,000
March 4	Sold goods to Khanna & Co. on Cash Bill No.173	16,000
March 6	Withdrawn from bank for office use by Cheque no.13261	11,000
March10	Received cash from Ajay Singh Rajput vide Cash Memo No.181	3,000

Q14. Prepare accounting vouchers with the following information.

Date 2006	Particulars	Amt. Rs
Sept 1	Commission received from Amar Cash Receipt No.136	1,000
Sept 16	Paid for rickshaw charge vide Cash Memo No.84	35
Sept 17	Paid for wages vide Cash Memo No.81	2,000
Sept 20	Purchased goods on Credit vide Bill No.2241	3,000
Sept 21	Discount Received vide Cash Receipt No.1173	200

Q15. Prepare credit vouchers in the books of CMC Medical Store.

Date 2006	Particulars	Amt.Rs.
Mar. 1	Business started with cash	7,00,000
Mar. 5	Goods sold for cash vide Bill No.11	30,000
Mar. 10	Goods sold to Rajeev on cash vide Bill No.17	60,000
Mar. 15	Received from Ram Singh vide Cash Memo No.117	30,000