

CBSE Test Paper 04

Ch-4 Recording of Transactions-II Cash Books & other Books

1. In which book of original entry will
The partial recovery from Mr Ajay of an amount of Rs. 4,000 earlier written off as bad be recorded?
2. Is it correct to say, purchases book is a record prepared from the invoices received from suppliers?
3. Name the category of accounts that are not balanced.
4. Can there be a credit balance in a simple cash book? State with reasons.
5. What is contra entry? How can you deal this entry while preparing cash book?
6. Prepare return inward journal (Book) from the following transactions of M/s Bansal Electronics for November, 2014

2014		
Nov 4	M/s Gupta Traders returned the goods	1,500
Nov 10	Goods returned from M/s Harish Traders	800
Nov 18	M/s Rahul Traders returned the goods not as per specifications	1,200
Nov 28	Goods returned from Sushil Trader	1,000

7. Mention the subsidiary books in which following transactions are recorded along with reason thereof:
 - i. Purchase of furniture on credit for use in shop
 - ii. Sale of goods on credit
 - iii. Goods returned by debtors
 - iv. Purchase of stock on credit
 - v. Providing for interest on capital to proprietor
 - vi. Goods returned to creditors

vii. Sale of good for cash

8. Verma Bros, carry on business as wholesale cloth dealers. From the following, write up their purchases book for April, 2013

Apr 3	Purchased on credit from M/s Birla Mills
	100 pieces long cloth @ Rs.80 each
	50 pieces shirting @ Rs.100 each
Apr 8	Purchased for cash from M/s Ambika Mills
	50 pieces muslin @ Rs.120 each
Apr 15	Purchased on credit from M/s Arvind Mills
	20 pieces coating @ Rs.1,000 each
	10 pieces shirting @ Rs.90 each
Apr 20	Purchased on credit form M/s Bharat Typewriters Ltd
	5 typewriters @ Rs.1,400 each

9. Enter the following transactions in the purchase book of Dhawan Electric Store Meerut

2013	
March 2	Purchased goods from Raja Electronics, Shastri Nagar, on Credit (Invoice no. 780)
	200 tubelights @ Rs.50 each
	50 table fans @ 400 each
	20 heaters @ Rs. 100 each
	(-) Trade discount 15%
March 10	Bought goods from Mohan Traders, Abulane, on credit
	(Invoice no.2312)

	20 table fans @ Rs.500 each
	40 ceiling fans @ Rs. 600 each
	10 electric irons @ Rs.200 each
	(-) Trade discount 20%
March 20	Purchased goods from Vishal Electronics, Begun Bridge, on credit
	(Invoice no.1708)
	120 dozen bulbs @ Rs. 80 per Dozen
	20 water heaters @ Rs.120 each
	(-) Trade discount 10%
March 22	Bought from Mona Lamp, Saket, for cash (Invoice No.705)
	5 electric irons @ Rs. 175 each
March 28	Bought from Innovation Furniture Co Kankerghera, on credit
	(Invoice no. 3450)
	12 chairs @ Rs.200 each
	2 tables @ 1,000 each

10. Prepare Two-column Cash Book of Bimal, Lucknow from the following transactions-

2018		Rs.	2018		Rs.
1/6	Cash Balance	5,000	21/6	Drawn from Bank	5,000
1/6	Bank Balance	17,500	29/6	Paid office salaries in cash	4,000
5/6	Cash received from sales of	5,000	30/6	Sold goods in cash for Rs.8,000 plus CGST and SGST @ 6%	

	shares			each and banked the same	
6/6	Cheque received as advanced against sales, paid into bank	50,000	30/6	Paid rent by cheque including CGST and SGST @ 6% each	1,120
7/6	Paid S. Bose by cheque	12,500	30/6	Paid into Bank	7,500
	Discount received	200			
9/6	Paid Wages in cash	3,000			
20/6	Received a cheque from A. Mukherjee and sent it to bank	6,000			

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Answer

1. Cash book. A bad debt recovery is a payment received after it has been designated as uncollectible. Record the cash receipt from the bad debt recovery, which is a debit to the cash account and a credit to the accounts receivable asset account.
2. Yes, as the source documents for recording entries in the purchase book are invoices or bills received from the suppliers of goods. This is a source document that supports the issuance of a cash, check, or electronic payment to a supplier.
3. The temporary accounts get closed at the end of an accounting year. Temporary accounts include all of the income statement accounts (revenues, expenses, gains, losses), the sole proprietor's drawing account, the income summary account, and any other account that is used for keeping a tally of the current year amounts. Since the temporary accounts are closed at the end of each fiscal year, they will begin the new fiscal year with zero balances.
4. Simple Cash Book can't have a credit balance because actual payments of cash can't exceed actual cash available with the business.
5. In the dual entry accounting system, a contra entry is an entry which is recorded to reverse or offset an entry on the other side of an account. If a debit entry is recorded in an account, it will be recorded on the credit side and vice-versa. Debit and credit aspects of a single transaction are entered in the same account but in different columns. Each entry, in this case, is viewed as a contra entry of the other. In a three-column cash book, there are some transactions that relate to both cash and bank, such transactions are entered on both sides of the cash book. Such entries are known as contra entries and are not posted into the ledger. Against such entries, the letter 'C' is written in the L/F column to indicate that these are contra transactions and are not posted into the ledger account. e.g., cash deposited into the bank or cash withdrawn from bank for office use.

Date	Particulars	Invoice No.	L.F.	Amt. (Rs.)
2014				
Nov. 4	M/s Gupta Traders			1500
10	M/s Harish Traders			800
18	M/s Rahul Traders			1200
28	M/s Sushil Traders			<u>1000</u>
30	Sales Return AccountDr.			<u>4500</u>

7. Subsidiary books also known as special purpose books, special purpose subsidiary books are various books for recording financial transactions of a similar nature. They are sub-division of the journal. The following are various subsidiary books:

- i. Journal proper because purchase of fixed assets on credit is recorded in journal proper.
- ii. Sales book because sales book records only credit sales of goods.
- iii. Sales return book because goods returned by customer are recorded in sales return book.
- iv. Purchase book because purchase book records only credit purchases of goods.
- v. Journal proper because journal proper records all those transactions which cannot be recorded in any of the other subsidiary books. Interest on proprietor's capital is also one of those items which can only be recorded in journal proper.
- vi. Purchases return book because it records only goods returned by the firm to its suppliers.
- vii. Cash book because cash book records cash receipts and cash payments.

8. **Purchase Day Book**

Date	Inv. No.	Name of the Supplier (A/c to be Credited)	L.F.	Details	Total Amount (Rs)
April 03, 2013		To M/s Birla Mills			

		100 pieces long cloth @ Rs.80 each		8,000	
		50 pieces shirting @ Rs.100 each		5,000	13,000
April 15, 2013		To M/s Arvind Mills			
		20 pieces coating @ Rs.1,000 each		20,000	
		10 pieces shirting @ Rs.90 each		900	20,900
		Total			33,900 =====

Purchases book or purchases day book is a book of original entry maintained to record credit purchases. You must note that cash purchases will not be entered in purchases day book because entries in respect of cash purchases must have been entered in the cash book.

9. In the books of Dhawan Electric Store

Purchases Book or Purchase Journal

Date	Particulars	Invoice	L/F	Details (Rs.)	Amount (Rs.)
2013					
March 2	Raja Electronics, Shastri Nagar	780			
	200 Tubelights @ Rs. 50 each			10,000	
	50 Table Fans @ Rs.400 each			20,000	
	20 Heaters @ Rs. 100 each			2,000	
				32,000	
	(-) Trade Discount 15%			4,800	27,200

March 10	Mohan Traders, Abulance		2312			
	20 Table Fans @ 500 each				10,000	
	40 Ceiling Fans @ Rs. 600 each				24,000	
	10 Electrics Irons @ Rs. 200 each				2,000	
					36,000	
	(-) Trade Discount 20%				7,200	28,800
March 20	Vishal Electronics Begum Bridge		1708			
	120 Dozen Bulbs @ Rs. 80 Per Dozen				9,600	
	20 Water heaters @ Rs.120 each.				2,400	
					12,000	
					1,200	10,800
March 30	Purchases A/c	Dr				66,800

Purchase book is that book in which we record all the business credit transactions related to the purchase of goods only. It is an original entry book like a Cash Book. Cash purchases of goods are not recorded in it because all these transactions are recorded in the Cash Book. It is also known as purchase register, purchase day book, purchase journal and purchase invoice book.

10. A cash book is a financial journal that contains all cash receipts and payments, including bank deposits and withdrawals. Entries in the cash book are then posted into the general ledger. Larger firms usually divide the cash book into two parts: the cash disbursement journal that records all cash payments, such as accounts

payable and operating expenses, and the cash receipts journal, which records all cash receipts, such as accounts receivable and cash sales. In this question, two column cash book is to be maintained with the Cash & Bank column is as follows:-

Cash book (Two Column)

Date	Particulars	LF	Cash	Bank	Date	Particulars	LF	Cash	Bank
2018					2018				
Jun.1	To Balance b/d		5,000	17,500	Jun.7	By S. Bose's A/c			12,500
Jun.5	To Shares A/c		5,000	-	Jun.9	By Wages		3,000	
Jun.6	To Sales A/c		-	50,000	Jun.21	By Cash A/c (c)			5,000
Jun.20	To A. Mukherjee		-	6,000	Jun.29	By Salaries		4,000	-
Jun.21	To Bank A/c (c)		5,000	-	Jun.30	By Rent A/c			1,000
Jun.30	To Sales A/c		-	8,000		By Input CGST A/c		60	
	To Output CGST A/c			480		By Input SGST A/c		60	
	To Outputpur SGST A/c			480	Jun.30	By Bank A/c (c)		7,500	-
Jun.30	To Cash A/c (c)		-	7,500	Jan.30	By Balance c/d		500	71,340
	Total		15,000	89,960		Total		15,000	89,960
July 1	To Balance b/d		500	71,340					