

CBSE Test Paper 03

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

1. What is the technique of finding the net balance of an account after considering the totals of both debits and credits appearing in the account known as
2. What do you understand by imprest amount in petty cash book?
3. Name the two methods used to ascertain profit or loss in the single entry system.
4. Total of discount column on the receipts or debit side of the cash book is posted to credit of discount received account. Is it correct and why?
5. Imprest system of petty cash book has many advantages? Discuss.
6. What is cash book? Explain the types of cash book.
7. Prepare a two column cash book from the following transactions of Mr Anderson:

2013	Transactions	Amount (Rs.)
Apr 1	Cash in hand	12,000
Apr 6	Cash purchases	6,000
Apr 10	Wages paid	120
Apr 11	Cash sales	18,000
Apr 12	Cash received from John and	5,940
"	Allowed him discount	60
Apr 19	Cash paid to Peter	7,410
"	discount received	90
Apr 27	Cash paid to Paul	1,200
Apr 28	Purchased goods for cash	6,210

8. Enter the following transactions in journal proper of Geeta (Proprietors)

- i. Rent not paid (Rent outstanding) Rs. 1,000.
- ii. Goods are withdrawn by the proprietor for personal use Rs. 5,000
- iii. Purchase of machine on credit for Rs. 10,000 from & Ram Sons.
- iv. Depreciate motor car with book value Rs. 1,00,000 10% per annum for a year.

9. From the following cash and bank transactions of M r Pulkit, owner of Pulkit Stationery House, prepare a suitable cash book and strike the balances at the end of the month

2013		Amt(Rs)
Apr 1	Cash in hand	22,000
	Cash at bank	27,500
Apr 3	Purchased goods from M/s Arun for Rs 3,500 and paid by cheque	
Apr 9	Cash purchases Rs 4,000 less trade discount 5%	
Apr 10	Purchased postage stamps	250
Apr 12	Proceeds of cash sales of Rs 25,000 deposited into bank	
Apr 14	Drew cash for personal use	2,050
Apr 15	Received from Manan cash Rs 1,500 and cheque Rs 2,500, both deposited into bank allowed Rs 250 as cash discount	
Apr 15	Withdrew from bank for office use	4,000
Apr 16	Paid wages Rs 1,500 and rent Rs 2,500	

Apr 19	Paid M/s Vrijesh by cheque, cash discount allowed by him Rs 500	12,000
Apr 23	Received a cheque from Nitin for sale of old goods	4,000
Apr 25	Paid M/s Arun cash Rs 3,750 and Rs 1,800 by a cheque, received cash discount Rs 125	
Apr 26	Karan, a customer, deposited into bank	3,000
Apr 29	Withdrew from bank for personal use	1,000
Apr 30	Bank charged commission	300
Apr 30	Withdrew from bank for paying income tax	2,500

10. From the following prepared Single Column Cash Book of Suresh, Chennai and post them into ledger accounts.

2018		Rs.
April 1	Cash in Hand	6,400
April 3	Received Cash from Anupama	1,00,000
April 4	Paid into Bank	80,000
April 5	Received from Bhumika as commission Rs.6,000 plus CGST and SGST @ 6% each	
April 6	Paid Wages	30,000
April 7	Withdrawn from Bank for expenses	30,000

April 8	Purchased goods from Ashok on credit of Rs.10,000 plus CGST and SGST @ 6% each	
April 9	Cash sales of Rs.10,000 charged CGST and SGST @ 6% each	
April 11	Drew Cash for domestic purposes	10,000
April 12	Purchased furniture for Rs.4,000 plus CGST and SGST @ 6% each	
April 13	Paid to Ruma	1,200
April 14	Paid to Ganguly Brothers for office fan Rs.1,500 plus CGST and SGST @ 6% each	
April 15	Paid own life insurance premium from office cash	800
April 16	Purchased stationery Rs.1,000 plus CGST and SGST @ 6% each	
April 17	Paid office expenses	500
April 18	Remitted to Raman	900
April 19	Paid electricity charges	100
April 20	Received interest from Gupta & Co.	500
April 30	Deposited all cash into bank in excess of	2,000

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Answer

1. Balancing of an account. The difference between the sum of the two sides of an account is called the balance. This is the most important part of an account as it shows value or position of asset, liability, capital, income or expenses of which the account is a record. If the total of the debit side exceeds the total of credit side then this would be represented by a debit balance and opposite is true for a credit balance.
2. An imprest system is a form of financial accounting system. The most common imprest system is the petty cash system. The base characteristic of an imprest system is that a fixed amount is reserved, which after a certain period of time or when circumstances require, because money was spent, it will be replenished. This replenishment will come from another account source, e.g., petty cash will be replenished by cashing a cheque drawn on a bank account.
3. A single-entry bookkeeping system or single-entry accounting system is a method of bookkeeping relying on a one sided accounting entry to maintain financial information.
 - i. Statement of Affairs / Increase in Net Worth Method,
 - ii. Conversion Method.
4. **No**, total of discount column on debit side of the cash book is posted to the debit of discount allowed account.
5. The imprest system is an accounting system for paying out and subsequently replenishing petty cash. Petty cash is a small reserve of cash kept on-site at a business location for incidental cash needs. The imprest system is designed to provide a rudimentary manual method for tracking petty cash balances and how cash is being used. Some advantages of imprest system of petty cash are as follows:
 - i. **Control Over Mistakes:** As the petty cash book is regularly examined by the chief cashier, control over mistakes can be easily maintained.

- ii. **Control Over Petty Expenses:** As the petty cashier can never spend more than available petty cash, petty expenses are kept within the limits of imprest.
- iii. **Control Over Fraud:** As the petty cashier is not allowed to draw cash as and when he desires, misappropriation and frauds are kept within the limits of imprest.

6. 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. A cash book is set up as a ledger in which all cash transactions are recorded according to date. It is a book of original entry and final entry. That is, the cash book serves as the general ledger. The following are three types of cash book:

- i. **Single Column Cash Book or Simple Cash Book:** The single column cash book records all transactions of the business in a chronological order i.e., it is a complete record of cash receipts and cash payments.
- ii. **Two-Column or Double Column Cash Book (Cash Book with Discount Column):** Two-column cash book is a cash book which has two column on each side of the cash book. One for cash and another for discount (allowed and received).
- iii. **Three-Column or Triple-column Cash Book (Cash Book with Bank and Discount Column):** Three-column cash book is a cash book which has three columns on each side. One for cash, one for bank and one for discount.

7.

Cash Book

Date	Particulars	L/F	Discount (Rs.)	Amount (Rs.)	Date	Particulars	L/F	Discount (Rs.)	Amount (Rs.)
2013					2013				
Apr 1	To Balance b/d		-	12,000	Apr 6	By Purchases A/c		-	6,000
Apr 11	To Sales A/c		-	18,000	Apr 10	By Wages A/c		-	120
Apr 12	To John		60	5,940	Apr 19	By Peter		90	7,410
					Apr 27	By Paul		-	1,200
					Apr 28	By Purchases A/c		-	6,210

					Apr 31	By Balance c/d		-	15,000
		60	35,940	-----			90	35,940	-----
2013									
May 1	To Balance b/d		15,000						

Discount column is used to record cash discounts: discount allowed column at the debit side, discount received column at the credit side. The discount columns are not accounts. They are memorandum columns only, where a note is made of the cash discount as it occurs.

8.

In the Books of Geetha

Journal Proper

Date	Particulars		L/F	Debit Amount (Rs)	Credit Amount (Rs)
1	Rent A/c To Outstanding Rent A/c (Being rent not paid)	Dr		1,000	1,000
2	Drawings A/c To Purchase A/c (Being goods withdrawn by the proprietor for personal use)	Dr		5,000	5,000
3	Machinery A/c To Ram & Sons A/c (Being machinery purchased on credit)	Dr		10,000	10,000
	Depreciation A/c				

4	To Motor Car A/c (Being motor car of Rs 1,00,000 depreciated at 10% per annum for one year)	Dr		10,000	10,000
	Total			26,000 =====	26,000 =====

9.

Cash Book (Three Columns)

Dr											Cr
Date	Particulars	LF	Discount Allowed(Rs)	Cash(Rs)	Bank(Rs)	Date	Particulars	LF	Discount Received(Rs)	Cash(Rs)	Amt(Rs)
2013						2013					
Apr 1	To Balance b/d		---	22,000	27,500	Apr 3	By Purchases A/c		---	---	3,500
Apr 12	To Sales A/c		---	---	25,000	Apr 9	By Purchases A/c(WN I)		---	3,800	---
Apr 15	To Manan		250	---	4,000	Apr 10	By Postage Stamps A/c		---	250	---
Apr 15	To Bank A/c	C	---	4,000	---	Apr 14	By Drawings A/c		---	2,050	---
Apr 23	To Sales A/c(WN I)		---	---	4,000	Apr 15	By Cash A/c		---	---	4,000
Apr 26	To Karan		---	---	3,000	Apr 16	By Wages A/c		---	1,500	---
						Apr 16	By Rent A/c		---	2,500	---
						Apr 19	By Vrijesh		500	---	12,000
						Apr 25	By M/s Arjun		125	3,750	1,800

					Apr 29	By Drawings A/c	—	—	1,000
					Apr 30	By Commission A/c	—	—	500
					Apr 30	By Drawings A/c (WN iii)	—	—	2,500
					Apr 30	By Balance c/d	—	12,150	38,200
		250	26,000	63,500			625	26,000	63,500
May 1	To Balance b/d	—	12,150	38,200					

Working Notes

- i. Trade Discount is a discount on the retail price of something allowed or agreed between traders or to a retailer by a wholesaler. Since, Trade discount is not recorded separately in the books of accounts. Net amount = Rs 4,000 - Rs 200 = Rs 3,800 is credited to the cash account and debited to the purchases account,
 - ii. In this case, there is no information as to the date of deposit of the cheque. Therefore, it is assumed that the cheque is deposited on the same date.
 - iii. In this case the drawing is treated as personal expense because the payment of income tax is not the part of the expense of the business, as Income tax is payable by the person on the income which he has earned within one financial year after deducting all the expenses from the revenue received during the year.
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 it is to be maintained as follows:-

Cash book (Single Column)

Date	Particulars	LF	Rs.	Date	Particulars	LF	Rs.
2018				2018			
Apr.1	To Balance b/d		6,400	Apr.4	By Bank A/c		80,000
Apr.3	To Anupama's A/c		1,00,000	Apr.6	By Wages A/c		30,000
Apr.5	To Commission A/c		6,000	Apr.11	By Drawings A/c		10,000
	To Output CGST A/c		360	Apr.12	By Furniture A/c		4,000
	To Output SGST A/c		360		By Input CGST A/c		240
Apr.7	To Bank A/c		30,000		By Input SGST A/c		240
Apr.9	To Sales A/c		10,000	Apr.13	By Ruma's A/c		1,200
	To Output CGST A/c		600	Apr.14	By Office Fan		1,500
	To Output SGST A/c		600		By Input CGST A/c		90
Apr.20	To Interest A/c		500		By Input SGST A/c		90
				Apr.15	By Drawings A/c		800
				Apr.16	By Stationery A/c		1,000
					By Input CGST A/c		60

					By Input SGST A/c		60
				Apr.17	By Office Exp. A/c		500
				Apr.18	By Raman's A/c		900
				Apr.19	By Electricity Charge		100
				Apr.30	By Bank A/c (Bal. Fig.)		22,040
				Apr.30	By Balance c/d		2,000
			1,54,820		Total		1,54,820
May 1	To Balance b/d		2,000				