

Cash Book and Its Types

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1. Introduction

We have studied some subsidiary books in the chapter on subsidiary books. In this chapter, we will study cash book, the most important type of subsidiary book. Cash book is one type of subsidiary book.

Generally, in any business or profession, two types of transactions are seen :

(1) Cash transactions

(2) Credit transactions

Credit transactions also get converted in cash transactions in future. For example, if the goods are sold on credit, then it is treated as credit transactions for the time being, but in the future, at a fixed time, the cash is received and at that time transaction which took place on credit, gets converted into cash transaction. Cash book is a type of subsidiary book in which cash transactions are recorded.

2. Meaning of Cash Book

“A subsidiary book is prepared to keep record of cash transactions it is called cash book.”

Cash transactions are recorded in the cash book. Cash Receipt and Payments are recorded in the cash book. At the end of the given period, cash balance can be known from cash book.

Cash book serves the purpose of journal entry and cash account both, as cash book is prepared in the form of a ledger account. Debit side of cash book is known as Income or Receipt side and Credit side is known as Payment side.

3. Utility / Importance of the Cash Book

(1) **Saving of time and labour** : Cash transactions are directly recorded in a cash book without recording in journal therefore separate cash account is not needed. Therefore, cash book serves the purpose of both a journal and a ledger, it saves time and labour.

(2) **Benefit of division of labour** : Cash book is maintained separately from the journal, therefore, responsibility of preparing it can be definitely allotted to a different person and the benefit of division of labour can be obtained.

(3) **Cash balance can be known** : Cash balance can be known daily or at the end of the given period by maintaining the cash book.

(4) **Cash embezzlement** : The balance of cash book is worked out daily or at the end of the given period, therefore, the physical cash balance can be compared with it and if there is any error or cash embezzlement then it can be known immediately.

(5) **Inclusion of Bank Account** : As per the requirement of business, the nature and volume of transactions, the cash book can be prepared in various different types. If three-columnar cash book is prepared, then the transactions of cash, bank and discount can be recorded. Therefore, separate bank account also need not be prepared.

4. Types of Cash Book

According to necessity of any business or profession, cash book can be prepared. Following are the three types of cash book.

- (1) Simple cash book
 - (2) Two columnar cash book : it can be of three types :
 - (A) Cash and discount columnar
 - (B) Cash and bank columnar
 - (C) Bank and discount columnar
 - (3) Three columnar cash book : Cash, discount and bank columnar cash book.
- (1) **Simple cash book** :

Only cash transactions are recorded in the simple cash book. Cash receipts and payments are recorded in the simple cash book. As the format of cash book is like the structure of an account, it is divided into two parts. The left side of the cash book is known as debit side or receipt side and the right side of the cash book is known as credit side or payment side.

Cash account is a 'Real account'. Therefore, when the cash comes in the business, it is debited to cash account and when cash goes out, it is credited to cash account. Therefore, debit side of cash book is shown as receipt side and credit side is shown as payment side.

Cash payment is never more than cash receipts, therefore balance of cash account is debit. Therefore, in the beginning of the cash book, the cash balance is shown as '**balance brought forward**' or opening balance on the debit side and at the end on the credit side, closing balance is worked out and it is shown as '**balance carried forward**'.

In short, in the cash book, on the debit side, the opening cash balance and cash receipts are recorded, whereas, on the credit side of cash book, cash payments and closing cash balance are recorded at the end.

Format (Specimen) of Simple Cash Book

Cash Book of Shri

Dr.

Cr.

Date	Particular (Receipts)	Rec. No.	L. F.	Amount (₹)	Date	Particular (Payments)	Vou. No.	L. F.	Amount (₹)
	To opening balance (Balance b/f)					—			
	— Receipts —					— Payments —			
						By closing balance (Balance c/f)			

(A) Receipt side or Debit side :

In cash book cash column is considered as 'Real Account'. "Debit what comes in and credit what goes out". - This rule is applied. Therefore, when the cash is received, it is recorded on the debit side of the cash book and following particulars are mentioned along with it :

(1) **Date** : In this column, the date on which cash is received it is chronologically recorded.

(2) **Particulars [Receipts]** : In this column, the ledger account other than cash account of the transaction due to which the cash is received, is shown. It means, as per the journal entry, the account which is credited is shown here. Many times, the brief explanation about the transaction is also written here in brackets.

(3) **Receipt No.** : When the cash is received in the business, a receipt is given to the payer against it. If cash is received on account of cash sales, then cash memo is given. The no. of such receipts or cash memo is written in this column. It is recorded on the basis of copy of receipt or cash memo retained by us.

(4) **L.F. (Ledger Folio No.)** : The page number of the ledger on which the account is credited, is recorded in this column.

(5) **Amount** : The amount received is recorded in this column.

(B) Payment Side or Credit Side :

According to rule for Real Accounts, when cash goes out it is recorded on the credit side of the cash book. The following particulars are mentioned in it.

(1) **Date** : In this column, the date on which the cash is paid, is chronologically recorded.

(2) **Particulars [Payment]** : In this column, the ledger account other than cash account of the transactions due to which the cash goes out, is shown. It means, as per the journal entry, the account, which is debited, is shown here. Many times, the brief particulars about the transaction is also written here in the bracket.

(3) **Voucher No.** : When the cash is paid, the payee issues a receipt of cash received or cash memo of cash purchase. The no. of such receipt or cash memo or the no. given by us to it is written in this column.

(4) **L.F. (Ledger Folio No.)** : The page number of the ledger on which the account is debited, is recorded in this column.

(5) **Amount** : In this column, the amount paid or the amount of cash given away is recorded.

(C) Closing cash balance :

In simple cash book, on the debit side, opening cash balance and cash receipts are recorded. Whereas, on the credit side, cash payments are recorded. Everyday or at the end of given period, cash book is closed and closing cash balance is worked out. The total of payment side of such cash book is deducted from the total of receipt side, the amount of difference is known as closing cash balance.

Here, the important point is that the total of receipts side of cash book can never be less than the total of payments side, as more cash cannot be paid than what is received. Therefore the total of receipt side is always more than or equal to the total of payment side of simple cash book.

As the total of debit side is more than the total of credit side of cash book, the closing balance is treated as debit balance. In any type of cash book, while balancing the 'cash' column, the above situation is seen.

Effect of 'Non cash transaction' are not recorded in cash book.

Illustration 1 : Prepare simple cash book from the following transactions of Rajeshbhai for February, 2015.

- 2015
- Feb. 1 Cash on hand ₹ 5000.
- 3 Goods of ₹ 3000 sold to Gita for cash.
- 5 Goods of ₹ 2000 purchased from Amit for cash.
- 7 Cash of ₹ 5000 brought in the business, as more funds are required in the business.
- 9 Insurance premium ₹ 800 paid.
- 10 Furniture of ₹ 4000 purchased from Ganesh Furniture Mart for cash.
- 12 ₹ 1500 received towards commission and ₹ 1200 paid towards brokerage.
- 14 ₹ 3000 received from Mahesh towards receivable.
- 16 Salary ₹ 1000 and freight ₹ 200 paid.
- 18 ₹ 3000 paid to Prakruti towards an old account.
- 20 Machinery purchased for the business ₹ 2000.
- 23 As more funds are required in the business, ₹ 10,000 borrowed as loan bearing 10 % rate of interest from Rameshbhai.
- 26 Cash purchase ₹ 7000.
- 28 ₹ 3000 deposited in Prime Co-operative Bank.

Ans. : **Simple Cash Book of Rajeshbhai for February, 2015**

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Date	Particular (Receipts)	Rec. No.	L. F.	Amount (₹)	Date	Particular (Payments)	Vou. No.	L. F.	Amount (₹)
2015					2015				
Feb. 1	To Balance b/f (Opening balance)			5000	Feb. 5	By Purchase A/c			2000
3	To Sales A/c (Cash sales)			3000	9	By Insur. Premi. A/c			800
7	To Capital A/c			5000	10	By Furniture A/c			4000
12	To Commission A/c			1500	12	By Brokerage A/c			1200
14	To Mahesh A/c			3000	16	By Salary A/c			1000
23	To Rameshbhai's 10 % loan A/c			10,000	16	By Freight A/c			200
					18	By Prakruti A/c			3000
					20	By Machinery A/c			2000
					26	By Purchase A/c			7000
					28	By Bank (Prime Co. Bank) A/c			3000
					28	By Balance c/f			3300
				27,500					27,500
2015									
March 1	To Balance b/f			3300					

(2) Two Columnar Cash Book :

Following are the three types of two columnar cash book : (A) Cash and Discount Columnar Cash Book, (B) Cash and Bank Columnar Cash Book, (C) Bank and Discount Columnar Cash Book.

(A) Cash and Discount Columnar Cash Book : In this type of simple cash book one additional column of discount is added. Trade discount is not recorded in the cash book, the discount column is kept to record only the cash discount. In this type of cash book, cash and discount columns are kept. For cash column, the cash account is a 'Real Account'. Rule of 'Real Account' is applied.

For discount column, discount is a nominal account, rule of nominal account is applied.

Format of Cash and Discount Columnar Cash Book

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Date	Particular (Receipts)	Rec. no.	L. F.	Disco. Allo- wed	Cash Amount (₹)	Date	Particular (Payments)	Vou. no.	L. F.	Disco. Rec- eived	Cash Amount (₹)

'Cash discount' is included in Nominal Account. Hence, 'Debit the expenses and losses, credit the income and gains' rule is applied. Cash discount is expense for traders. Therefore, discount (discount allowed) is debited. Cash discount is income for the trader who is the receiver of the benefit. Therefore discount (discount received) account is credited.

E.g. Debtor Parth makes the payment ₹ 3000 as against his debt of ₹ 3080 and if we accept it towards full settlement of account, then ₹ 80 (3080 – 3000) is said to be discount allowed. As per the rule of Real Account 'Debit what comes in' and so the cash received from Parth is debited. Similarly, as per the rule, the expenses and loss are debited and so the 'discount allowed' is recorded on the debit side of the cash book.

Similarly, when cash purchase is made or payment is made to any creditor, if less amount is paid than the amount payable, then the difference amount is known as cash discount. The 'discount received' is gain. Therefore as per the rule credit the incomes or gain. Here, discount received is credited. For example, goods of ₹ 2040 purchased from Ashok for cash. ₹ 2000 paid towards final settlement. Here cash goes out and discount received is gain, both are recorded on the credit side of the cash book.

Here, the important point is that, in two columnar cash book, the balance of cash column is worked out but the balance of discount column is not worked out. Here, the total of discount column on debit side is made and total amount is debited to discount allowed account. Whereas, discount received column on credit side is totalled and total amount is credited in the discount received account.

Illustration 2 : Prepare two columnar cash book (cash and discount columns) of Shri Girishbhai from the following transactions :

2015

March 1 Opening cash balance ₹ 8000.

4 Goods of ₹ 6000 purchased at 10 % trade discount.

- 7 Goods of ₹ 3000 sold to Pravin for cash at 5 % cash discount.
 10 Goods of ₹ 4000 sold for cash at 10 % trade discount and 5 % cash discount.
 12 Furniture of ₹ 5000 is purchased from Gopal Furniture Mart.
 15 ₹ 1000 paid to Vishnu towards full settlement of ₹ 1020.
 16 ₹ 900 paid for commission.
 18 ₹ 1500 received from Kamlesh towards full settlement of ₹ 1560.
 20 Paid ₹ 2000 for salary and ₹ 400 for wages.
 23 Goods of ₹ 2000 purchased from Vishwa for cash at 10 % trade discount and 10 % cash discount.
 26 Cash of ₹ 4000 brought in the business.
 28 Machine of ₹ 8000 is purchased from Maheshwari Engineering, for which ₹ 5000 is paid and the balance amount is agreed to be paid after one month.

Ans. :

Cash Book of Shri Girishbhai for March, 2015

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Date	Particular (Receipts)	Rec. No.	L. F.	Disc. Allowed	Amount (₹)	Date	Particular (Payments)	Vou. No.	L. F.	Disc. Received	Amount (₹)
2015 March 1	To Balance b/f (Cash balance)				8000	2015 March 4	By Purchase A/c (Cash purchase)				5400
7	To Sales A/c (Cash sales)			150	2850	15	By Vishnu A/c			20	1000
10	To Sales A/c			180	3420	16	By Commi. A/c				900
18	To Kamlesh A/c			60	1500	20	By Salary A/c				2000
26	To Capital A/c				4000	20	By Wages A/c				400
						23	By Purchase A/c (Cash purchase)			180	1620
						28	Machinery A/c (Partial amount is paid for the purchase of machine of ₹ 8000)				5000
						31	Balance c/f (closing balance)				3450
				390	19,770					200	19,770
April 1	To balance b/f				3450						

Note : (1) Discount allowed given in the transaction of cash purchase dated March 4, will not be recorded as it is trade discount.

(2) Credit purchase of furniture dated March 12, will not be recorded in cash book.

- (3) Here, the total of discount allowed column is ₹ 390 which will be posted on the debit side of discount account in the ledger.
- (4) The total of discount received column is ₹ 200 which will be posted on the credit side of discount received account in the ledger.

(B) Cash and Bank Columnar Cash Book : In this type of cash book, an additional column (bank) is inserted on both the sides of simple cash book. This column is kept to record the transactions with the bank. Bank account is treated as 'personal account', hence 'debit the receiver, credit the giver' rule for 'personal accounts' will be applicable. Such cash book has bank account and cash account. In this case, as the bank is treated as a person, the rule of 'personal account' will be applied; and the cash account is treated as an asset and so the rule of 'real account' is applicable.

When, (1) cash is deposited, (2) cheque is deposited (3) draft is deposited (4) any debtor deposit money directly in the bank. (5) bank credits interest or various incomes after collecting the same in our account, our bank balance is increased. In these transactions, the bank is a receiver, hence, it will be debited as per rule. In cash book, the above mentioned transactions will be recorded on the debit side in the bank column.

When, (1) cash is withdrawn from the bank (2) amount is paid by cheque, (3) bank debits bank commission, charges, bank overdraft interest (4) bank pays expenses (like electricity bill, insurance premium, telephone bill etc.) on our behalf, our bank balance is reduced. In these transactions, the bank is a giver. Hence, it will be credited as per rule. Therefore, the above mentioned transactions will be recorded on the credit side of cash book in the bank column.

Format of Cash and Bank Columnar Cash Book

Cash Book of Shri

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Date	Particular (Receipts)	Rec. No.	L. F.	Cash Amt. (₹)	Bank Amt.(₹)	Date	Particular (Payments)	Vou. No.	L. F.	Cash Amt. (₹)	Bank Amt. (₹)

We have seen in the simple cash book that cash payment can never be more than cash receipts, therefore the closing balance of cash account in cash book is always debit balance.

But here, two columnar cash book, 'bank column' is prepared differently. In bank column, if the total of receipt column is more than the total of payment column, bank column will also have a debit balance, which will be treated as **closing bank balance**. In bank column, if the total of payment column is more than the total of receipt column, the difference is called bank overdraft, which is discussed below.

- **Bank Overdraft (B.O.D.) :** When the trader make agreement with the bank to withdraw more than the balance in his account upto a fixed amount, such facility is known as bank overdraft.

When the trader gets bank overdraft facility the bank balance can be debit or credit. If the bank column has a credit balance, it shows more withdrawal (overdraft). Interest is payable at a fixed rate on such Bank overdraft amount.

Thus, if the total of receipt side of bank column in the cash book is more than the total of payment side, it is known as 'closing bank balance'. But, if the total of the payment side in the cash book is more than the total of receipt side, it is known as 'closing bank overdraft'.

If the opening balance with the bank is 'bank balance', it is shown on the debit side of cash book in the bank column as 'balance brought down' and if the opening balance with the bank is 'bank overdraft', it is shown on the credit side of cash book in the bank column as 'balance brought down'.

Similarly, if the closing balance of bank column in the cash book is 'bank balance', it is shown on the payment side as 'balance carried forward' and if closing balance of bank column is 'bank overdraft', it is shown on the debit side as 'balance carried forward' (overdraft).

• **Contra Transaction** : 'Contra transaction' means such financial transaction, in which cash and bank, both the accounts get affected'. e.g. cash withdrawn from bank or cash deposited in the bank. This type of transaction is recorded on both the sides of cash book, when cash and bank columnar cash book is kept.

We have seen that such cash and bank columnar cash book serves the purpose of cash account and bank account. Thus when such cash book is maintained, 'cash' and 'bank' accounts are not required to be opened separately. 'Contra transaction' affects only 'cash' and 'bank' account, hence the posting is not required, but 'C' (Contra) will be written in the Ledger Folio No. (L.F.) column.

Generally, contra transactions are of two types : (1) cash deposited in the bank (2) cash withdrawn from the bank.

(i) **Cash deposited in the bank from business** : When the cash is deposited in the bank cash balance is reduced on one hand and bank balance is increased on the other hand. e.g. cash of ₹ 2000 is deposited in the bank.

₹ 2000 will be recorded on the receipt side it means debit side of cash book in the bank column and 'cash account' will be written in the particulars column. Whereas, same of ₹ 2000 will be recorded on the payment side it means credit side of cash book in the cash column and 'bank account' will be written in the particulars column.

Further 'C' (Contra) will be written in the L.F. No. column of cash book on both the sides. As contra transactions are not required to be posted therefore L.F. No. is not required, but in order to know the nature of transaction, 'c' is shown in that column.

(ii) **Cash withdrawn from the bank for business** : When the cash is withdrawn from the bank, cash balance is increased and bank balance is reduced. e.g. cash of ₹ 3000 is withdrawn from the bank.

₹ 3000 will be recorded on the receipt side it means debit side of cash book in the cash column and 'bank account' will be written in particulars column. Whereas same ₹ 3000 will be recorded on the payment side it means credit side of cash book in the bank column and 'cash account' will be written in the particulars column.

Further, 'C' will be written in the L.F. No. column of cash book when above transaction is recorded in cash and bank columnar cash book.

Illustration 3 : From the following transactions, prepare cash and bank columnar cash book in the book of Gayatri Bros.

2015

- | | |
|---------|---|
| April 1 | Opening cash balance ₹ 6000 |
| | Opening bank balance ₹ 5000 |
| 3 | Goods of ₹ 10,000 sold to Pankaj for cash at 10 % trade discount. |
| 5 | Goods of ₹ 3000 purchased for cash from Janki. |
| 7 | Cash of ₹ 1500 is deposited in the bank. |

- 9 Stationery expenses of ₹ 1000 and salary of ₹ 3000 paid by cheque.
- 11 ₹ 1100 paid towards shop rent.
- 14 Cheque of ₹ 3000 received from Yesha, which is immediately deposited in the bank.
- 17 ₹ 1000 withdrawn from the bank to pay fire insurance premium.
- 21 Furniture of ₹ 800 purchased for household and cheque for the necessary amount is issued from the bank account of the business.
- 23 Fire insurance premium paid.
- 27 Placed an order with Akbarbhai for supply of goods of ₹ 5000.

Ans. :

Cash Book of Shri Gayatri Bros. for April, 2015

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Date	Particulars (Receipts)	Re. No.	L. F.	Cash Amt. (₹)	Bank Amt. (₹)	Date	Particulars (Payments)	Vou. No.	L. F.	Cash Amt.	Bank Amt.
2015						2015					
April 1	To Balance b/d			6000	5000	April 5	By Purchase A/c			3000	—
3	To Sales A/c (Cash)			9000	—	7	By Bank A/c		C	1500	—
						9	By Stationery exp. A/c			—	1000
7	To Cash A/c		C	—	1500	9	By Salary A/c			—	3000
14	To Yesha A/c			—	3000	11	By Shop rent A/c			1100	—
17	To Bank A/c		C	1000	—	17	By Cash A/c		C	—	1000
						21	By Drawings A/c			—	800
						23	By Fire insurance premium A/c			1000	—
						30	By Balance c/f			9400	3700
				16,000	9500					16,000	9500
May 1	To Balance b/d			9400	3700						

Note : (1) Transaction dated 7 is a contra transaction.

(2) In the transaction dated 17, ₹ 1000 has been withdrawn from the bank for the payment of fire insurance premium of the business. Therefore, first it will be recorded as contra transaction. It means bank balance will be reduced and cash balance will be increased by ₹ 1000.

(3) On 23rd, fire insurance premium has been actually paid by cash. Therefore on that date, ₹ 1000 will be recorded in the cash book on the payment side in the cash column.

(4) Transaction dated 27, is a non-economic transaction, only a an order is placed, hence it will not be recorded.

● **Transactions with Bank :**

Now, let us understand, how the transactions between the traders and banks are recorded in the cash bank.

(A) Transactions relating to cash :

When any trader or person opens an account with the bank, then bank gives him (1) pay-in slip book, (2) cheque book and (3) pass-book, for smooth banking transactions.

Pay-in slip is used to deposit cash or cheque received in the bank. Cheque book is used to withdraw cash from the bank or to make payment by cheque. Pass-book is an abstract of the trader's ledger account in the books of the bank.

Presently, use of cheque for payments in the business is very common. Cheque is a negotiable instrument under the provision of Negotiable Instrument Act 1881 in India. There are three parties in the cheque : (1) Drawer of the cheque. (2) Drawee of the cheque (bank) (3) Receiver of money. For example Gaurang has given a cheque of his account in State Bank of India amounting to ₹ 1500 to Preeti towards amount payable. Here Gaurang is drawer, State Bank of India is a drawee, and Preeti is a receiver of money.

When customer or debtor gives a cheque towards amount payable by him, the trader deposits the cheque in his bank. There are two types of cheques : (1) Simple or bearer cheque (2) Crossed cheque.

(1) Simple or Bearer Cheque : In bearer cheque the bank makes payment to the person who holds the cheque.

(2) Crossed Cheque : In crossed cheque, the amount is credited in the bank account of the person whose name is written in the cheque as payee, cash is not paid.

When the customer or debtor gives a cheque to the trader towards amount payable, then it will be recorded in bank column of cash book on debit side. Customer's name who has given a cheque is written in particulars column.

(3) If no information is given in respect of cheque received, then it is recorded on the debit side of the cash book in the bank column assuming that it is deposited in the bank.

(4) Generally, when the crossed cheque is received, it is recorded on the receipt side, i.e., debit side of the cash book in the bank column, because the amount of crossed cheque is not received in cash but it is credited in the bank account.

When the trader makes the payment of amount payable to any person by cheque, it is recorded on the credit side of the cash book in the bank column. It is recorded on the date on which such cheque is issued for payment.

Endorsement : "When the cheque is received from the customers or debtors, the name of the creditors or traders written on the backside of the cheque (overleaf of cheque) and the payment is made directly, then it is called endorsement." This transaction is recorded in Journal proper.

If the cheque received is recorded in the cash book as cheque deposited in the bank and if such cheque is endorsed, it is recorded on the payment side of the cash book in the bank column. If any cheque is dishonoured, the entry, which was made at the time of receipt or payment of the cheque, will be reversed.

(B) Bank Charges, Commission, Interest etc. :

When the bank provides any service to the trader, it collects 'charges' for that. Similarly, if the bill is discounted with the bank or is sent for collection with the bank, the bank charges commission. If the trader has taken overdraft facility from the bank, the bank charges interest for that. Similarly, bank pays interest on the bank balance.

Bank charges, commission and interest on overdraft are expenses for the trader, hence these are shown on the payment side i.e. credit side of the cash book in the bank column. Whereas interest received on the bank balance is an income for the trader, therefore, it is shown on the receipt side i.e. debit side of the cash book in the bank column.

Illustration 4 : From the following transactions, prepare cash and bank columnar cash book in the books of Dharmistha.

- | | |
|------------|---|
| 2015 May 1 | Cash balance ₹ 7000, bank overdraft ₹ 2500 |
| 2 | Goods of ₹ 7000 sold to Urvashi crossed cheque is received from her, which is deposited in the bank. |
| 4 | Goods of ₹ 2000 sold to Ashok at 10 % trade discount. 50 % amount received in cash and for the balance amount cheque is received, which is deposited in the bank. |

- 5 ₹ 2000 cash deposited in the bank.
- 7 Machine of ₹ 5000 purchased. Cheque of necessary amount is issued.
- 9 Cheque of ₹ 6000 is received from Mansi towards receivable which is immediately deposited in the bank.
- 11 Wages ₹ 500; telephone bill ₹ 500 and electricity bill ₹ 1200 paid by cheque.
- 13 ₹ 2000 withdrawn from the bank for the payment of insurance premium.
- 15 Insurance premium is paid of ₹ 1600.
- 21 Bank debited ₹ 150 to our account for interest on overdraft and ₹ 100 for bank charges and it is informed to us through bank advice.
- 23 Goods of ₹ 3000 sold to Dharti. Crossed cheque is received.
- 24 Cheque of ₹ 3000 received from Tejal, which is endorsed to Sejal.
- 26 Bank informed about the dishonour of cheque issued by Dharti.
- 28 ₹ 1500 paid to Vibodh for settlement of account. ₹ 2000 withdrawn for personal use from the bank.
- 29 Cheque of ₹ 3000 received from the customer Virendra.
- 30 Cheque of ₹ 3000 received from the customer Virendra, which is endorsed in favour of Surendra.

Ans. :

Cash Book of Dharmistha for May, 2015

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Date	Particulars (Receipts)	Re. No.	L. F.	Cash Amt. (₹)	Bank Amt. (₹)	Date	Particulars (Payments)	Vou. No.	L. F.	Cash Amt.	Bank Amt.
2015						2015					
May 1	To Balance b/f			7000	—	May 1	By Balance c/f (Bank overdraft)			—	2500
2	To Sales A/c			—	7000						
4	To Sales A/c			900	900	5	By Bank A/c		C	2000	—
5	To Cash A/c		C	—	2000	7	By Machine A/c			—	5000
9	To Mansi A/c			—	6000	11	By Wages A/c			—	500
13	To Bank A/c		C	2000	—	11	By Telephone exp. A/c			—	500
23	To Sales A/c			—	3000	11	By Electricity exp. A/c			—	1200
29	To Virendra A/c			—	3000	13	By Cash A/c		C	—	2000
						15	By Insurance premium A/c			1600	—
						21	By Bank Int. A/c			—	150
						21	By Bank charges A/c			—	100
						26	By Dharti A/c			—	3000
						28	By Vibodh A/c			1500	—
						28	By Drawings A/c			—	2000
						30	By Surendra A/c			—	3000
						31	By Balance c/f			4800	1950
				9900	21,900					9900	21,900
June 1	To balance b/f			4800	1950						

Explanation :

- (1) The transaction dated 24 will be recorded in journal proper, because the cheque of ₹ 3000 received from Tejal was on the same day endorsed in favour of Sejal. The journal entry for this transaction is as under :

Sejal A/c	Dr	3000	
	To Tejal A/c		3000

- (2) On 29, the cheque received from Virendra is debited to bank account and credited to Virendra account on 30, this cheque is endorsed in favour of Surendra instead of depositing in the bank. Therefore Surendra's account is debited and bank account is credited.

(C) Bank and Discount Columnar Cash Book :

In this type of cash book, bank column and discount column are kept. When the payment is made through cheque and the discount is received or when the amount is received by cheque and the discount is allowed, to record such discount and bank transactions, bank and discount columnar cash book is prepared. As bank is a person, only the rule of 'personal account' will be applicable to the bank column. As discount is an income or expense, rule of 'Nominal Account' will be applicable to the discount column.

This type of cash book is normally prepared when most of the transactions are made through cheque. At the end of given period the cash book is closed and the closing bank balance or overdraft is worked out. On the debit side of the cash book 'discount allowed' and on the credit side 'discount received' are recorded.

Format of Bank and Discount Columnar Cash Book**Cash Book of Shri**

Dr.						Cr.					
Date	Particulars (Income)	Re. No.	L. F.	Disc. Allowed (₹)	Bank Amt. (₹)	Date	Particulars (Payments)	Vo. No.	L. F.	Disc. Rece. (₹)	Bank Amt. (₹)

Transactions of cheques issued and received, bank charges, bank commission, bank interest etc. are recorded in the same manner as are recorded in cash and bank columnar cash book. Here, the cash column is not maintained, hence, when the cheque is deposited in the bank, on that date it is recorded on the debit side of the cash book in the bank column. Similarly, the date on which the cheque is issued it is recorded on the credit side of the cash book in the bank column.

In this type of cash book, in bank column we find, the closing bank balance or overdraft. The total of discount allowed column is debited to the discount allowed account in the ledger, whereas, the total of discount received column is credited to the discount received account in the ledger.

This type of cash book is not very popular, because cash transactions do take place to some extent in any business along with the bank transactions. Here, cash column is not maintained to record cash transactions. To remove such limitation, three columnar cash book is maintained, in which, three columns for cash, bank and discount are maintained on both the sides of cash book.

Illustration 5 : From the following transactions, prepare bank and discount columnar cash book in the books of Suresh stores.

2015

- June 1 Bank overdraft ₹ 12,000
- 7 Goods of ₹ 9000 sold to Nila at 10 % trade discount. Nila gave a cheque after deducting discount, which is deposited in the bank.
- 14 Cheque of ₹ 5000 issued to Nayana in full settlement of account of ₹ 5050.
- 16 Commission of ₹ 1100 paid by cheque.
- 20 Vipul has given a cheque of ₹ 11,000 towards amount payable of ₹ 11,125 in full settlement of account.
- 23 Goods of ₹ 4000 sold to Chandulal at 10 % trade discount and 10 % cash discount. Chandulal made the payment immediately by cheque. Cheque is deposited in the bank.
- 26 ₹ 1800 paid to Devanshi by cheque.
- 28 Cheque issued by Vipul is dishonoured.

Cash Book of Shri Suresh Stores for June, 2015

Dr.

Cr.

Date	Particulars (Receipts)	Re. No.	L. F.	Disc. Allo. (₹)	Bank Amt. (₹)	Date	Particulars (Payments)	Vo. No.	L. F.	Disc. Rec. (₹)	Bank Amt. (₹)
2015 June						2015 June					
7	To Sales A/c			—	8100	1	By Balance b/f			—	12,000
20	To Vipul A/c			125	11,000	14	By Nayana A/c			50	5000
24	To Sales A/c			360	3240	16	By Commi. A/c			—	1100
30	To Balance c/f				8560	26	By Devanshi A/c			—	1800
						28	By Vipul A/c			—	11,000
				485	30,900					50	30,900
						July 1	By balance b/f				8560

Note :

- (1) Here, total of discount allowed column is ₹ 485, which will be recorded or posted on the debit side of discount allowed account in the ledger.
- (2) Here, total of discount received column is ₹ 50, which will be recorded on the credit side of the discount received account in the ledger.
- (3) Total of payment side is more, therefore it shows bank overdraft at the end of June.
- (4) Cheque of ₹ 11,000 has been received from Vipul on date 20th towards amount payable of ₹ 11,125 in full settlement of account, which is deposited in the bank and dishonoured on date 28. Generally, in such cases, if the cheque given by the customer is dishonoured, then the discount allowed is also cancelled. Here, cash discount of ₹ 125 has been given to Vipul, which is required to be cancelled due to the dishonour of cheque on date 28th. The journal entry for cancellation of discount is as under :

Vipul account	Dr.	125	
To discount allowed A/c			125

From the above journal entry, it can be seen that ₹ 125 will be recorded on the credit side of discount allowed account. Therefore, discount has not been recorded on the credit side where the entry for cheque dishonoured has been made. If the bank balance is reduced by ₹ 11,000 only, and if the effect of discount is given then the amount of discount received and discount allowed would be incorrectly reflected more. Hence, it is required to be cancelled and thereby it is reduced.

Three Columnar Cash Book :

In this type of cash book, three columns are kept on both sides, discount column, cash column and bank column. Presently this type of cash book is more useful. Because cash and bank transactions, discount received and allowed are recorded in the same structure. Discount, cash and bank are the three columns in this type of cash book. For the discount column, discount is the income or expense, therefore rule of 'Nominal Account' is applicable. For cash column, cash is an assets, therefore, rule of 'Real Account' is applicable. At last, for bank column, bank is a person and to the rule of 'Personal Account' is applicable.

On the receipt side of the cash book, the transactions increasing the cash or bank balance and discount allowed are recorded, whereas, on the payment side of the cash book, the transactions reducing the cash or bank balance (increase in overdraft) and discount received are recorded.

The Format of Three Columnar Cash Book :

(Cash, Bank and Discount Columnar Cash Book)

Cash Book of Shri

Dr.

Cr.

Date	Particulars (Receipts)	Re. No.	L. F.	Disc. Allowed (₹)	Cash Amt. (₹)	Bank Amt. (₹)	Date	Particulars (Payments)	Vo. No.	L. F.	Disc. Recd. (₹)	Cash Amt. (₹)	Bank Amt. (₹)

Points to be considered at the time of preparing the cash book :

(A) Opening balance of cash balance and bank balance are recorded on the debit side. i.e. Receipt side of cash book as balance b/f, whereas the bank overdraft is recorded on the credit side. i.e. payment side of cash book as balance b/f in bank column.

(B) All types of cash receipt transactions are recorded on the debit side / receipt side of the cash book and all types of cash payment transactions are recorded on the credit side / payment side of the cash book.

(C) All types of transactions increasing bank balance or decreasing overdraft are recorded on debit side / receipt side in the bank column and all types of transactions decreasing bank balance or increasing bank overdraft are recorded on the credit side / payment side in the bank column of the cash book.

(D) Contra transactions are recorded on both the sides of cash book.

(E) Discount allowed is recorded on debit side and discount received is recorded on credit side of the cash book.

Illustration 6 : From the following transactions, prepare three columnar cash book of Shri Jethalal.

2015

- July 1 Opening cash balance ₹ 10,000, bank overdraft ₹ 4000
- 3 Goods of ₹ 3000 purchaed from Iyer at 10 % cash discount and issued cheque of the necessary amount.

- 5 Salary of ₹ 800 and stationery of ₹ 700 paid by cheque.
- 7 Goods of ₹ 6000 purchased from Babita at 10 % trade discount. Half of the amount paid by cash and the balance amount is paid by cheque.
- 9 ₹ 4000 deposited in the bank.
- 10 Cheque of ₹ 6000 issued to Popatlal towards the full settlement of the account of ₹ 6050.
- 12 Atmaram has given ₹ 6000 cash and cheque of ₹ 4000 which is deposited in the bank towards the amount payable ₹ 10,070.
- 14 Cheque of ₹ 5000 received from Sundar towards payment of an old debt, which is deposited in the bank.
- 19 ₹ 3000 cash paid towards Income Tax of Jethalal.
- 20 Cheque of Sundar is dishonoured.
- 22 50 paise dividend received from receiver of Sundar.
- 28 Goods of ₹ 10,000 sold to Tipendra at 10 % cash discount. For 60 % of the amount cheque received which is deposited and the remaining amount is received in cash.
- 31 After keeping cash on hand of ₹ 2000, remaining amount is deposited in the bank.

Cash Book of Shri Jethalal for July, 2015

Dr.

Cr.

Date	Particulars (Receipts)	Re. No.	L. F.	Disc. Allow- ed (₹)	Cash Amt. (₹)	Bank Amt. (₹)	Date	Particulars (Payments)	Vo. No.	L. F.	Disc. Recd. (₹)	Cash Amt. (₹)	Bank Amt. (₹)
2015 July 1	To Balance b/f			—	10,000	—	2015 July 1	By Balance b/f			—	—	4000
9	To Cash A/c		C	—	—	4000	3	By Purchase A/c			300	—	2700
12	To Atmaram A/c			70	6000	4000	5	By Salary A/c			—	—	800
14	To Sundar A/c			—	—	5000	5	By Stationery A/c			—	—	700
22	To Sundar A/c			—	—	2500							
28	To Sales A/c			1000	3600	5400	7	By Purchase A/c			—	2700	2700
31	To Cash A/c		C	—	—	7900	9	By Bank A/c		C	—	4000	—
							10	By Popatlal A/c			50	—	6000
							19	By Drawings A/c			—	3000	—
							20	By Sundar A/c (cheque dishonour)			—	—	5000
							31	By Bank A/c		C	—	7900	—
							31	By Balance c/f			—	2000	6900
				1070	19,600	28,800					350	19,600	28,800
2015 Aug. 1	To balance b/f				2000	6900							

Note :

- (1) Dt. 1 Bank overdraft - recorded on the credit side in the bank column as balance b/f.
- (2) Dt. 9 and 31 - transactions involving both cash and bank - contra transactions.
- (3) In the transaction dated 22, 50 % dividend received from Sundarlal's receiver. Dividend (Recovery) is always received in crossed cheque, therefore it is recorded in the Bank account.
- (4) Here, for the transaction dated 31, we need to find out the amount deposited in the bank.
Amount deposited in the bank = total receipts ₹ 24,600 - (Total payment ₹ 14,700 + Cash on hand ₹ 2000) = ₹ 7900
- (5) Here, discount allowed is ₹ 1070 and discount received is ₹ 350.

5. Electronic Banking Transactions

Promptness of banks' operations depends on electronic banking. Electronic instruments are used by banks to provide quick and secure services to their customers. Banks provide various services to their customers. Of which, fund transfer is a very important service. In traditional method, draft and cheque are used to transfer the funds. In this system fund transfer from one account to another account takes more time. For fund transfer, two types of prompt services are provided by the banks. Following services are included. These services are related to cash book.

- (i) NEFT (National Electronic Fund Transfer) (ii) RTGS (Real Time Gross Settlement)
- (iii) Sales transactions through Debit card and Credit card

(i) **NEFT (National Electronic Fund Transfer)** : This service is available nation-wide. Individuals, firms and corporate units can get the benefit of this service. This service is provided to the customer by participating banks in this scheme. It is not necessary to have a bank account of the sender to get the benefit of this scheme. For NEFT service, it is necessary to have a bank account of the beneficiaries in such a bank, which provides this service. There is no limit on the amount to be transferred. Banks charge nominal amount for this service. Reserve Bank of India has determined maximum charge for this service. Therefore bank can give this service even free of cost. But it cannot charge more amount than the maximum charge. There is no charge levied on beneficiaries by the bank. Fund sender has to pay charges to the bank. Thus the charge becomes an expense for the Fund Sender and so it has to be recorded in the book. As per the present rule NEFT services are available during 8:00 am to 7:00 pm from Monday to Friday. On Saturday this service will be available as per norms of respective period. Generally, the amount transferred in this way is deposited within two hours in the account of the receiver. There is no minimum or maximum limit of the amount for fund transfer under this service.

For example, Nilesh has an account in State Bank of India, and Ramesh has an account in Bank of Baroda. Nilesh has to pay ₹ 20,000 to Ramesh. Nilesh sent this amount to Ramesh through NEFT. In such situation, bank will debit ₹ 20,000 and NEFT charges from Nilesh's account and ₹ 20,000 will be credited in Ramesh's bank account by the bank. Bank debited ₹ 5.70 from Nilesh's account for NEFT charges. Following is the journal entry for this.

In the book of Nilesh :

Ramesh A/c	Dr.	20,000
Bank charge A/c	Dr.	5.70
To bank A/c		20,005.70

[Narration : ₹ 20,000 paid to Ramesh through NEFT. Bank has charged ₹ 5.70.]

If cash book is maintained by Nilesh with bank columnar then ₹ 20,000 deposited in Ramesh's account and NEFT charge ₹ 5.70 paid are recorded on the credit side of the cash book.

In the books of Ramesh :

Bank A/c	Dr.	20,000	
	To Nilesh A/c		20,000

[Narration : ₹ 20,000 received from Nilesh through NEFT and credited in his account.]

If cash book is kept by Ramesh with bank columnar then ₹ 20,000 debited as Nilesh's account is recorded on the debit side of the cash book in the bank column.

(ii) RTGS (Real Time Gross Settlement) : This service is also provided by the banks to their customers through electronic mode. This service is provided to the customers of the participating banks in this scheme. This service is used to transfer large amount. As per the present norms, the minimum amount to be remitted is ₹ 2,00,000 to get the benefit of this service. There is no upper ceiling of amount for this service. RTGS charge is paid to the bank by the amount sender. Therefore this charge becomes an expense for the amount sender. The RTGS service window is available from 9:00 am to 4:30 pm from Monday to Friday. On Saturday this service will be available as per norms of respective period. However, banks decide the time duration for this service for their customers. This service is real time basis. This amount is transferred immediately or in maximum 30 minutes from sender's account to the receiver's account. Accounting effects of RTGS facility is the same as that of NEFT facility. The amount of charges debited as RTGS charges or bank charges instead of NEFT charges.

For example, Mahesh has to pay ₹ 3,00,000 to Rajesh. Mahesh sent the amount to Rajesh through RTGS. Mahesh paid ₹ 30 for RTGS charges. Following journal entry will be passed.

In the book of Mahesh :

Rajesh A/c	Dr.	3,00,000	
Bank charge A/c	Dr.	30	
	To bank A/c		3,00,030

[Being ₹ 3,00,000 sent to Ramesh through RTGS and ₹ 30 paid for charges.]

If Mahesh keeps bank columnar cash book then ₹ 3,00,000 deposited in Rajesh's account and RTGS charges ₹ 30 paid are recorded on the credit side of the cash book.

In the books of Rajesh :

Bank A/c	Dr.	3,00,000	
	To Mahesh A/c		3,00,000

[Being ₹ 3,00,000 received through RTGS from Mahesh which is credited in his account.]

If Rajesh keeps bank columnar cash book then ₹ 3,00,000 debited as Mahesh's account is recorded on the debit side of the cash book.

Sales Transactions Through Debit Card and Credit Card :

In present times, volume of cash transactions are decreased remarkably due to various services provided by the banks. Debit card, credit card service and Internet service are playing an important role in various services provided by the banks. For example in case of petrol or diesel sales at petrol pump, clothes purchased at cloth shop or purchased from show room etc. the payments made by the customers through debit card or credit card instead of cash.

Debit Card : A card is issued by the bank to an individual / a firm to withdraw the amount or to make payment from the available balance called debit card.

Credit Card : A card is issued by the banks to an individual / a firm to withdraw or to make payment upto certain limit. This type of card may be issued to the account holder and non account holder.

Under this service, purchase amount is debited in purchaser's account by purchaser's bank and sales amount is credited to the seller's account by seller's bank. There is no charge debited by payment making bank but receiving bank charge some amount as commission and the balance amount is credited in the bank account of the account holder. Now understand the effects of this transaction in three columnar cash book through following illustration.

For example, ₹ 10,000 sales made by Ram Stores which amount is recovered through debit card. Bank of Ram Stores deducted ₹ 30 for commission and the balance amount is credited in the Ram stores account. In the books of Ram Stores, following journal entry will be passed to record the transaction in three columnar cash book.

(1) Bank A/c Dr. 10,000
 To Sales A/c 10,000
 [Being the sales of ₹ 10,000 made through debit card.]

(2) Commission A/c Dr. 30
 To Bank A/c 30
 [Being the ₹ 30 charged for debit card commission by bank.]

Note : Above information is given to the students for the knowledge of modern trend.

Illustration 7 : From the following transactions, prepare three columnar cash book of Shri Jamnadas for first fortnight of April 2016.

April	1	Opening cash balance ₹ 30,000, bank balance ₹ 8,00,000
	3	Goods of ₹ 3,00,000 purchased from Nilesh at 2 % cash discount and amount paid by RTGS. RTGS charges ₹ 30. Bank has debited the amount.
	5	Goods of ₹ 1,00,000 sold to Rajesh. He has sent amount through NEFT. Bank has credited the amount.
	6	Goods of ₹ 4,00,000 sold to Mahesh at 2 % cash discount. He has sent the amount through RTGS. Bank has credited the amount.

- 7 Insurance premium of ₹ 10,000 paid through NEFT and NEFT charges incurred ₹ 3. Bank has debited the amount in our account.
- 9 Salary of ₹ 15,000 paid in cash.
- 10 Cash sales ₹ 30,000.
- 11 ₹ 10,000 withdrawn from bank for personal expenses.
- 12 ₹ 12,000 paid to Ramesh towards payable amount.
- 13 Raman has paid ₹ 22,000 through NEFT towards our receivable amount. Bank has credited the amount.
- 14 Rent paid ₹ 5000.
- 15 Bank has credited ₹ 3000 of dividend.

Ans. : Three Columnar Cash Book of Shri Jamnadas for First Fortnight of April, 2016

Dr.

Cr.

Date	Receipts	Re. No.	L. F.	Dis. (₹)	Cash (₹)	Bank (₹)	Date	Payments	V. No.	L. F.	Dis. (₹)	Cash (₹)	Bank (₹)
2016							2016						
April 1	To Balance b/f			—	30,000	8,00,000	April 3	By Purchase A/c			6000	—	2,94,000
5	To Sales A/c			—	—	1,00,000	3	By RTGS charge A/c			—	—	30
6	To Sales A/c			8000	—	3,92,000	7	By Ins. Pre. A/c			—	—	10,000
10	To Sales A/c			—	30,000	—	7	By NEFT charge A/c			—	—	3
13	To Raman A/c			—	—	22,000	9	By Salary A/c			—	15,000	—
15	To Dividend A/c			—	—	3000	11	By Drawings A/c			—	—	10,000
							12	By Ramesh A/c			—	12,000	—
							14	By Rent A/c			—	5000	—
							15	By Balance c/f			—	28,000	10,02,967
				8000	60,000	13,17,000					6000	60,000	13,17,000

6. Bank Book

When the trader keeps more than one account in a bank or keeps accounts in more than one bank, Bank book is maintained to record the bank transactions easily. For example, a trader might keep a savings and a current account in Bank of Baroda or he might keep one account in Bank of Baroda, second in State Bank of India and third in Bank of India.

- In such a situation, Bank book is maintained to facilitate easy recording of the transactions with the bank.
- Various columns are kept in the bank book, same as the accounts in the banks.
If various accounts are kept in one bank, then separate columns for such accounts are maintained and if accounts are kept in various banks, then bankwise separate columns are kept in the bank book.
- The form and structure of the bank book is exactly like the cash book.

Advantages of Bank Book :

- (1) The transactions with the banks can be easily recorded, especially, when the volume of transactions through the banks is more.
- (2) At any given point of time, the bank balance of various bank accounts can be known e.g. Every evening, the bank balance of various bank accounts can be known.
- (3) Reconciliation of bank book and pass book can be easily made and if there is any error, it can be rectified immediately.
- (4) Constant check on the transactions with the bank can be kept, so that while issuing the cheque for making any payment or withdrawing money from the bank, the position of the bank balance (extent of balance or overdraft utilized) can be known.

Illustration 8 : From the following transactions, prepare State Bank of India (SBI) and Bank of India (BOI) columnar Bank book in the books of Mahipatsingh.

2015

- | | | |
|--------|----|---|
| August | 1 | Opening bank overdraft (SBI) ₹ 6000, Bank balance (BOI) ₹ 4000. |
| | 4 | Goods of ₹ 4000 sold, against that a cheque received, which is deposited in SBI account. |
| | 5 | Goods of ₹ 6000 purchased, against that a cheque of ₹ 2000 of BOI is issued and SBI cheque of ₹ 4000 is issued. |
| | 7 | Cheque of SBI of ₹ 1400 issued for salary. |
| | 11 | Bank interest ₹ 500 and dividend ₹ 2500 collected by SBI and credited in the account. |
| | 13 | A cheque of ₹ 7000 received from Anuj towards the payment of an old debt which was deposited in BOI. |
| | 18 | Cheque of ₹ 3000 issued from BOI account and deposited in the SBI account. |
| | 23 | Goods of ₹ 2500 purchased for which a cheque of full amount is issued from BOI account. |
| | 26 | Machinery of ₹ 6000 purchased, for which a cheque of 50 % amount from SBI account and for the remaining amount cheque is issued from BOI account. |

Bank Book of Shri Mahipatsingh for August, 2015

Dr.

Cr.

Date	Particular (Receipts)	Re. No.	L. F.	SBI Amt. (₹)	BOI Amt. (₹)	Date	Particular (Payments)	Vo. No. i.	L. F.	SBI Amt. (₹)	BOI Amt. (₹)
2015 Aug.1	To Balance b/f			—	4000	2015 Aug.1	By Balance b/f			6000	—
4	To Sales A/c			4000	—	5	By Purchase A/c			4000	2000
11	To Bank int. A/c			500	—	7	By Salary A/c			1400	—
11	To Dividend A/c			2500	—	18	By SBI A/c			—	3000
13	To Anuj A/c			—	7000	23	By Purchase A/c			—	2500
18	To BOI A/c			3000	—	26	By Machinery A/c			3000	3000
30	To Balance c/f			4400	—	30	By Balance b/f			—	500
				14,400	11,000					14,400	11,000
2015 Sept. 1	To Balance b/f			—	500	2015 Sept. 1	By Balance b/f			4400	—

7. Petty Cash Book

“The book kept for keeping a record for the payment of small expenses is known as Petty Cash Book.”

When the volume of cash and bank transactions are more in respect of any trader, concern or unit, then generally, to help main (chief) cashier and to keep him free from making payment and recording petty or small expenses, assistant (petty) cashier is employed. The main job of petty cashier is to pay and keep a detailed record of the petty expenses. Petty cashier is given the responsibility for the same by the main cashier and the required amount for the same is received from the main cashier. Normally petty cashier is given the responsibility of the payment and the recording of expenses like postage expenses, tea and refreshment expenses, stationery expenses, freight, wages etc. The book (cash book) kept by petty cashier for keeping a record for the payment of each expense is known as petty cash book.

Petty cashier prepares the petty cash book and pays the specific expenses. So that the information of various types of expenses (and total amount) paid by the petty cashier is available. This facilitates work division and control on the cash transactions.

8. Types of Petty Cash Book

Petty cash book can be prepared in two ways : (A) Simple or columnar petty cash book (B) Petty cash book on Imprest system.

(A) Simple Petty Cash Book : In this type of petty cash book, the petty cashier is given a fixed amount in the beginning. At the end of a given period, the main cashier gives more cash, if required. As and when the expenses are paid, they are recorded in the petty cash book. For example, in the beginning ₹ 1000 is given to the petty cashier and if after the payment made by the petty cashier he has the balance of ₹ 50 and if more cash is required to pay other expenses, then necessary amount is given by the main cashier on the estimated basis.

When any such expense is paid, then it is recorded in petty cash book in a specific column for different expenses, which can be seen in the following specimen (format) of petty cash book.

Format of Petty Cash Book

Receipt (₹)	Date	Particulars	Vou- cher No.	Total Amt. Paid (₹)	Particulars of Various Expenses					L. F,	Personal Account in the ledger (₹)
					Carri- age (₹)	Post- age (₹)	Stati- onery (₹)	Tea & Refre- shment (₹)	Other Misc. Exp. (₹)		

Particulars of Petty Cash Book :

- **Receipt :** In this column, the opening cash balance and amount received from the main cashier would be recorded.
- **Date :** The date on which, cash is received or expense is paid is recorded here.
- **Particulars :** The particulars of expense paid is recorded here and if the amount is received from the main cashier, it is credited to main cashier account.
- **Voucher No. :** The number of the voucher prepared while making payment of expense or the number of the receipt received is recorded here.
- **Total Amount :** If more than one expenses are paid, then the total of expenses paid on a particular date, is recorded in this total amount column.
- **Particulars of Various Expenses :** Separate columns are kept for various specified expenses to be paid by the petty cashier. As seen in the above form of petty cash book, separate columns are kept for carriage, postage, stationery, tea and refreshments and other misc. expenses. When the given expenses is paid, it is recorded in the respective column at that time in the petty cash book.
- **L.F. No. :** The page number on which the ledger account of the expense paid is opened in the ledger is shown here. If required, the ledger folio number of the personal ledger account is also shown here.
- **Personal Account in the Ledger :** When the transaction takes place with any person, it is recorded in this column. For example, if some amount is given as advance salary to any employee, it is recorded in this column of the petty cash book.

Illustration 9 : From the following transactions, prepare petty cash book of Shri Bharatbhai.

- 2015 Sept. 1 Opening cash balance (with petty cashier) ₹ 3500.
 1 Amount received from main cashier ₹ 1500.
 3 ₹ 1200 paid for stationery.
 4 ₹ 800 paid for sundry wages.
 5 ₹ 100 paid for carriage.
 7 ₹ 200 paid for tea and refreshments.
 8 ₹ 250 paid for postage and courier expenses.
 10 ₹ 1200 paid to Tushar towards advance salary.
 11 ₹ 150 paid for carriage.
 12 ₹ 180 paid for wages and ₹ 170 paid for postal stamps.
 13 ₹ 150 paid for tea-refreshment expenses.
 14 ₹ 150 paid for carriage.
 15 Other misc. expenses amounted to ₹ 100.

Ans.

Petty Cash Book of Shri Bharatbhai

Rece- ipts (₹)	Date	Particulars	Vo. No.	Total Amt. Paid (₹)	Particulars of Various Expenses						L. F.	Perso- nal A/c in the Ledger
					Wages (₹)	Tea- Refre- shment (₹)	Stati- onery (₹)	Post- age (₹)	Carri- age (₹)	Other Misc. Exp. (₹)		
3500	2015	To Opening bal.										
1500	Sep.1	To Chief cashier A/c										
	1	By Stat. exp. A/c		1200	—	—	1200	—	—	—	—	—
	3	By Sun. wages A/c		800	800	—	—	—	—	—	—	—
	4	By Carri. exp. A/c		100	—	—	—	—	100	—	—	—
	5	By Tea-refreshment exp. A/c		200	—	200	—	—	—	—	—	—
	7	By Postage exp.A/c		250	—	—	—	250	—	—	—	—
	8	By Tushar A/c		1200	—	—	—	—	—	—	—	1200
	10	By Carri. exp.A/c		150	—	—	—	—	150	—	—	—
	11	By Wages & postal stamp exp. A/c		350	180	—	—	170	—	—	—	—
	12	By Tea-refreshment exp. A/c		150	—	150	—	—	—	—	—	—
	13	By Carri. exp.A/c		150	—	—	—	—	150	—	—	—
	14	By Misc. exp. A/c		100	—	—	—	—	—	100	—	—
	15											
				4650	980	350	1200	420	400	100	—	1200
	15	By Balance c/f		350								
5000				5000								
	2015											
350	16	To Balance b/f										

(B) Petty Cash Book on Imprest System : In this type of petty cash book, a fixed amount is given at the beginning of the fixed period (for example every month or fortnight) by the chief cashier to the petty cashier. Petty cashier makes the payment for various expenses from the amount so received and keeps the record of such expenses. At the end of the fixed period, the petty cashier gives the details of expenses made by him to the main cashier. The main cashier provides cash equal to the amount spent by the petty cashier at the beginning of the next period, so that again the pre-decided fixed balance remains with the petty cashier at the beginning of the next period. In this type of system a fixed amount is maintained at the beginning of each period and so it is known as imprest system of petty cash book.

For example, illustration 9, if the petty cash book is maintained as per imprest petty cash book system, then it means that a cash imprest of ₹ 5000 is required to be maintained, because on 1st September, the petty cash balance is ₹ 3500 and ₹ 1500 is given to petty cashier by chief cashier. The petty cashier has paid expenses of ₹ 4650 upto Dt. 15-9-2015 and cash balance is ₹ 350 as on Dt. 15-9-15. Therefore, at the beginning of the new period, i.e. Dt. 16-9-2015 ₹ 350 will be recorded as balance brought forward and the chief cashier will give ₹ 4650 (amount spent by the petty cashier between Dt. 1-9-15 to Dt. 15-9-15) to the petty cashier. Thus, the petty cashier will have petty cash balance of ₹ 5000 at the beginning of the new period, i.e. Dt. 16-9-2015.

Illustration 10 : The following information has been obtained in respect of the petty cash book maintained as per petty cash book on imprest system for the month ending on Dt. 31-3-2015.

From this information pass journal entries as chief cashier :

Carriage ₹ 100; misc. expenses ₹ 50; Tea-refreshment expenses ₹ 50; stationery expenses ₹ 90 and postage expenses ₹ 60.

Ans. :

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
31-3-2015	Carriage A/c Dr		100	
	Misc. expenses Dr		50	
	Tea-refreshment expenses A/c Dr		50	
	Stationery expenses A/c Dr		90	
	Postage expenses A/c Dr		60	
	To Petty Cashier A/c [Being the particulars of expenses paid as per petty cash book.]			350
1-4-2015	Petty Cashier A/c Dr To Cash A/c [Being cash given to petty cashier.]		350	350

Illustration 11 : From the following transactions, prepare petty cash book of Shri Darshanbhai on imprest system.

- March, 2015
- 1 Cash received from chief cashier ₹ 4000.
 - 3 ₹ 120 paid for carriage.
 - 5 ₹ 130 paid for misc. expenses.
 - 7 ₹ 500 paid to Arpit as advance salary.
 - 10 ₹ 100 paid for postage expenses.
 - 12 ₹ 250 paid for printing of Bill-book.
 - 15 ₹ 100 paid for Tea-refreshment and ₹ 100 paid for stationery expenses.
 - 18 ₹ 100 paid for misc. expenses.

23 ₹ 100 paid for carriage and ₹ 150 paid for stationery.

28 ₹ 50 paid for postal stamps.

29 ₹ 120 paid for carriage and ₹ 80 for Tea-refreshments.

The petty cashier is given cash at the beginning and end of the month.

Ans. :

Petty Cash Book of Shri Darshanbhai for March, 2015

Receipt (₹)	Date	Particulars	V. No.	Total Paid Amt. (₹)	Particulars of Various Expenses					L. F.	Personal A/c in the Ledger
					Postage (₹)	Stationery (₹)	Tea- Refre. (₹)	Carriage (₹)	Other misc. exp. (₹)		
4000	2015 March 1	To Chief cashier A/c									
	3	By Carri. exp.A/c		120	—	—	—	120	—	—	—
	5	By Misc. exp.A/c		130	—	—	—	—	130	—	—
	7	By Arpit A/c		500	—	—	—	—	—	—	500
	10	By Postage exp. A/c		100	100	—	—	—	—	—	—
	12	By Stationery exp. A/c (Bill-book printing)		250	—	250	—	—	—	—	—
	15	By Tea-refreshment and stationery exp. A/c		200	—	100	100	—	—	—	—
	18	By Misc.exp. A/c		100	—	—	—	—	100	—	—
	23	By Carriage and stationery exp.A/c		250	—	150	—	100	—	—	—
	28	By Postage exp. A/c		50	50	—	—	—	—	—	—
	29	By Carriage and Tea-refreshment exp. A/c		200	—	—	80	120	—	—	—
				1900	150	500	180	340	230	—	500
	31	By Balance c/f		2100							
4000				4000							
2100 1900	April 1	By Balance b/f To chief cashier									

Additional Illustrations of Three Columnar Cash Book :

Illustration 12 : From the following transactions, prepare three columnar cash of book of Smt. Mittalben.

July, 2015 1 Opening cash balance ₹ 7000

Bank overdraft ₹ 4000

2 Goods of ₹ 4000 sold to Khushali. A cheque is received from her which is deposited in the bank.

4 Goods of ₹ 8000 sold to Yesha at 10 % cash discount. Half of the amount is received in cash and remaining amount is received by cheque which is deposited in the bank.

- 6 Goods of ₹ 3000 purchased in cash from Dipen at 10 % cash discount.
- 7 ₹ 1000 deposited in the bank.
- 9 ₹ 800 paid to Gopi for salary by cheque.
- 11 Stationery of ₹ 300 purchased from Suresh Stationery Mart and the amount is paid by cheque.
- 14 Dipak paid ₹ 5900 by cash towards total debt of ₹ 6005.
- 17 Cheque of ₹ 8000 issued to Paresh towards full settlement of account of ₹ 8080.
- 20 Rent of ₹ 3000 paid by cash.
- 24 ₹ 2000 withdrawn from the business for personal use.
- 28 Postage expenses of ₹ 200 paid by cash.
- 29 Paid cash of ₹ 600 for wages.
- 31 After keeping cash on hand of ₹ 2000, remaining amount is deposited in the bank.

Ans. :

Cash Book of Shri Mittalben for July, 2015

Dr.

Cr.

Date	Particulars (Receipts)	Re. No.	L. F.	Dis. Allo. (₹)	Cash Amt. (₹)	Bank Amt. (₹)	Date	Particulars (Payments)	V. No.	L. F.	Dis. Rec. (₹)	Cash Amt. (₹)	Bank Amt. (₹)
2015 July 1	To Balance b/f			—	7000	—	2015 July 1	By Balance b/f (O.D.)			—	—	4000
2	To Sales A/c			—	—	4000	6	By Purchase A/c			300	2700	—
4	To Sales A/c			800	3600	3600	7	By Bank A/c		C	—	1000	—
7	To Cash A/c		C	—	—	1000	9	By Salary A/c			—	—	800
14	To Dipak A/c			105	5900	—	11	By Stationery exp. A/c			—	—	300
31	To Cash A/c		C	—	—	5000	17	By Paresh A/c			80	—	8000
							20	By Rent A/c			—	3000	—
							24	By Drawings A/c			—	2000	—
							28	By Postage exp. A/c			—	200	—
							29	By Wages A/c			—	600	—
							31	By Bank A/c		C	—	5000	—
							31	By Balance c/f			—	2000	500
				905	16,500	13,600					380	16,500	13,600
2015 Aug.1	To Balance b/f				2000	500							

Note : (1) Transactions dated 7 and 31, effect both cash and bank accounts - contra transactions.

(2) Total discount allowed ₹ 905 which will be posted on the debit side of discount allowed account in the ledger and discount received ₹ 380 which will be posted on the credit side of discount received A/c in the ledger.

Illustration 13 : From the following transactions, prepare three columnars cash book in the book of Shri Krunal.

- Aug. 2015
- 1 Opening cash balance ₹ 3000; Bank balance ₹ 6000
 - 2 Goods of ₹ 10,000 sold to Nilesh at 10 % trade discount. Amount is received by cheque, which is deposited in the bank.
 - 7 Cheque issued by Nilesh is dishonoured.
 - 9 Receiver of Nilesh paid the dividend of 50 paise against one rupee by cheque.
 - 10 Goods of ₹ 6000 sold to Bhikhubhai for cash at 10 % cash discount.
 - 13 Goods of ₹ 5000 purchased from Chetna at 10 % cash discount. Half of the amount is paid by cheque and remaining amount is paid in cash.
 - 15 Bank has collected a dividend of ₹ 1000 and credited in our account.
 - 17 Bank has credited ₹ 100 towards bank interest in our account.
 - 24 Advertisement expense of ₹ 3000 paid by cash.
 - 26 ₹ 1000 paid from business for 'Satyanarayan Katha' at home.
 - 27 Furniture of ₹ 3000 purchased for home, the amount is paid by cheque.
 - 28 A cheque of ₹ 3000 is issued to Girish in full settlement of account of ₹ 3090.
 - 29 Pravin has paid by cheque ₹ 2500 in full settlement of ₹ 2575.
 - 31 After keeping cash on hand of ₹ 500, remaining amount is deposited in the bank.

Ans. :

Cash Book of Shri Krunal for August, 2015

Dr.

Cr.

Date	Particulars (Receipts)	Re. No.	L. F.	Dis. Amt. (₹)	Cash Amt. (₹)	Bank Amt. (₹)	Date	Particulars (Payments)	V. No.	L. F.	Dis. Amt. (₹)	Cash Amt. (₹)	Bank Amt. (₹)
2015 Aug.							2015 Aug.						
1	To Balance b/f				3000	6000	7	By Nilesh A/c			—	—	9000
2	To Sales A/c				—	9000	13	By Purchase A/c			500	2250	2250
9	To Nilesh A/c (Being the amt. paid by receiver for dividend of 50 paise by cheque)				—	4500	24	By Advertisement exp. A/c			—	3000	—
10	To Sales A/c			600	5400	—	26	By Drawings A/c			—	1000	—
15	To Dividend A/c			—	—	1000	27	By Drawings A/c			—	—	3000
17	To Bank interest A/c			—	—	100	28	By Girish A/c			90	—	3000
29	To Pravin A/c			75	—	2500	31	By Bank A/c	C		—	1650	—
31	To Cash A/c		C	—	—	1650	31	By Balance c/f			—	500	7500
				675	8400	24,750					590	8400	24,750
Sep.1	To Balance b/f			—	500	7500							

Exercise

1. Select the correct answer for each question :

- (1) A subsidiary book prepared to keep a record of cash transactions is
(a) Purchase book (b) Sales book
(c) Cash book (d) Bills payable book
- (2) How many types of two columnar cash books can be prepared ?
(a) 2 (b) 3
(c) 4 (d) 5
- (3) serves the purpose of journal and cash account.
(a) Cash book (b) Sales book
(c) Sales return book (d) Bills receivable book
- (4) Which type of discount is not recorded in the book ?
(a) Kasar (b) Discount received
(c) Discount allowed (d) Trade discount
- (5) When bank credits interest in our account then
(a) Bank balance decreases (b) Bank balance increases
(c) Cash balance decreases (d) Cash balance increases
- (6) Which transactions are not recorded in the cash book ?
(a) Cash purchase (b) Cash sales
(c) Cash discount (d) Non cash transactions

2. Answer the following questions in two-three sentences :

- (1) Explain the meaning of cash book.
- (2) What is bank overdraft ?
- (3) What does balance of bank account indicate ?
- (4) Explain the meaning of petty cash book.
- (5) Explain the full form of NEFT and RTGS.
- (6) Explain the importance of cash book in short.
- (7) Explain - Contra transactions.
- (8) Explain Bank Book with illustrations.
- (9) Explain the meaning of petty cash book on imprest system.

3. Record the following transactions in the cash book of Prapti :

2015

- | | | |
|------|---|---|
| June | 1 | Opening cash balance ₹ 10,000 |
| | 2 | Cash sales ₹ 3000 |
| | 3 | Cash of ₹ 2000 brought in the business, as more funds are required. |
| | 5 | Cash purchase ₹ 6000 |
| | 7 | Salary of ₹ 1000 and brokerage of ₹ 1500 paid by cash. |
| | 9 | Goods of ₹ 5000 purchased from Drona by cash. |

- 11 Goods of ₹ 6000 sold to Mansi for cash.
- 19 ₹ 3000 paid to Nairuti for goods purchased in the previous month.
- 23 Kinjal paid ₹ 1500 for goods sold to her in the previous month.
- 25 Old cycle of ₹ 600 is purchased for business.
- 28 ₹ 1000 received towards commission.
- 30 Machine of ₹ 3500 purchased for business.

4. From the following transactions, prepare cash and discount columnar cash book of Javlit : 2015

- April
- 1 Opening cash balance ₹ 5500
 - 3 Goods of ₹ 4000 sold at 10 % cash discount.
 - 4 Goods of ₹ 3000 sold at 10 % trade discount.
 - 5 Cash of ₹ 2000 paid to Arth in full settlement of his account of ₹ 2030.
 - 10 Goods of ₹ 4000 purchased at 5 % cash discount.
 - 13 Salary of ₹ 1000 and wages of ₹ 600 are paid by cash.
 - 15 Commission of ₹ 100 and brokerage of ₹ 900 are received.
 - 17 Cash of ₹ 1400 paid to Krishna in full settlement of account of ₹ 1420.
 - 18 Goods of ₹ 5000 sold at 10 % trade discount and 5 % cash discount.
 - 19 A machine of ₹ 6000 purchased from Ramesh, for which ₹ 2000 paid by cash and it is decided that the remaining amount will be paid after one month.
 - 23 As more funds are required in the business, household furniture of ₹ 3000 is sold for ₹ 3500 and out of this ₹ 2500 are brought in the business.
 - 27 ₹ 225 paid to Vepari Mahamandal towards annual fees.
 - 29 Godown rent ₹ 600 paid by cash and carriage of ₹ 300 paid to Shambhu by cash.

5. From the following transactions, prepare cash and bank columnar cash book of Riddhi : 2015

- May
- 1 Opening cash balance ₹ 4000, Opening bank balance ₹ 6000
 - 2 Goods of ₹ 5000 sold to Monika at 10 % trade discount. Monika issued cheque for the necessary amount, which is immediately deposited in the bank.
 - 4 ₹ 2000 paid towards salary and ₹ 100 paid towards brokerage by cash.
 - 6 ₹ 3000 withdrawn from the bank for personal use.
 - 10 Goods of ₹ 6000 sold to Hiren. Hiren paid ₹ 4000 by cash and remaining amount is paid by cheque, which is deposited in the bank.
 - 12 Goods of ₹ 5000 purchased and the amount is paid by cheque.
 - 17 Shop rent of ₹ 2000 paid by cheque.
 - 21 Goods of ₹ 4500 purchased in cash at 10 % trade discount.
 - 24 Karishma has paid ₹ 2550 by cash towards her debt.
 - 26 Atmakalyani has been paid ₹ 1200 towards full settlement of an old account.

- 29 Jhanvi issued a cheque of ₹ 3000 which is immediately deposited in the bank.
 30 ₹ 1000 cash deposited in the bank.

6. From the following transactions, prepare cash and bank columnar cash book in the books of Bhagwati Traders :

2015

- July 1 Opening cash balance ₹ 5000, Opening bank overdraft ₹ 1500
 3 Goods of ₹ 8000 sold to Janki at 10 % trade discount for cash.
 5 ₹ 3000 deposited in the bank.
 6 Goods of ₹ 2000 sold to Jinal. Jinal paid the amount immediately by cheque which is deposited in the bank.
 8 Furniture of ₹ 2000 purchased and the amount is immediately paid by cheque.
 9 Cheque of ₹ 3000 received from Bhargavi, which is endorsed in favour of Parth.
 13 Goods of ₹ 6000 sold to Harshit. Harshit has paid half of the amount by cash and remaining amount is paid by cheque, which is immediately deposited in the bank.
 15 Goods of ₹ 6000 purchased from Divyesh and amount is immediately paid by cash.
 18 Salary of ₹ 1000 and brokerage of ₹ 500 are paid by cash.
 22 ₹ 1000 withdrawn from the bank for the payment of the electricity bill.
 23 Electricity bill paid.
 24 Goods of ₹ 1400 sold to Smith, for which he issued a cheque of the necessary amount, which is immediately deposited in the bank.
 27 Bank informed that cheque issued by Smith is dishonoured.
 28 Bank debited ₹ 100 to our account for interest on overdraft and it is informed to us through bank advice.

7. From the following transactions, prepare bank and discount columnar cash book of Akhilesh :

2015

- July 1 Opening bank overdraft ₹ 13,500.
 2 Goods of ₹ 5000 sold to Premal, against which he issued a cheque of ₹ 4950 in full settlement of account, which is immediately deposited in the bank.
 8 Goods of ₹ 6000 purchased and a cheque is issued for the necessary amount.
 10 Cheque of ₹ 5000 is received from Gitaben in full settlement of account of ₹ 5060.
 15 Cheque of ₹ 7000 issued to Aradhana in full settlement of the debt of ₹ 7015.
 20 Goods of ₹ 16,000 sold to Kajol, for which she issued a cheque of the necessary amount, which is deposited in the bank.
 25 Cash of ₹ 2000 deposited in the bank.
 29 Cheque issued by Kajol is dishonoured.

8. From the following transactions, prepare three columnar cash book of Namrata :

2015

- August 1 Opening cash balance ₹ 7000; opening bank balance ₹ 6000

- 3 Cash purchase ₹ 6000; cash sales ₹ 7000
- 5 ₹ 3000 is deposited in the bank.
- 6 As more funds are required in the business, a loan of ₹ 5000 is taken from Prabhu bearing 8 % interest rate.
- 8 Goods of ₹ 3000 sold to Mansi at 10 % cash discount, Mansi issued a cheque of the necessary amount, which is deposited in the bank.
- 10 Goods of ₹ 7000 purchased from Drvij and 50 % of the amount is immediately paid by cash.
- 12 Salary of ₹ 3000, wages of ₹ 500 and stationery of ₹ 200 are paid by cheque.
- 14 Commission of ₹ 1000 and brokerage of ₹ 500 received by cash.
- 16 Bank credited interest ₹ 100 on balance in Namrata's bank.
- 17 ₹ 2000 withdrawn from the bank for the payment of the electricity bill.
- 20 ₹ 1000 paid for the electricity bill and remaining ₹ 1000 is taken for personal use from the business.
- 22 Goods of ₹ 5000 sold to Parth, he issued a cheque of the necessary amount after deducting cash discount at the rate of 10 %, which is immediately deposited in the bank.
- 25 Cheque issued by Parth is dishonoured.
- 28 Cheque of ₹ 6050 is issued to Bansri towards an old debt. Total debt was of ₹ 6100.
- 29 Gopi has paid ₹ 2000 by cash in full settlement of the debt ₹ 2040.
- 31 After keeping cash on hand of ₹ 5000, remaining amount is deposited in the bank.

9. From the following transactions, prepare bank book in the books of Kalpana :

2015

- Sept. 1 Opening bank balance (State Bank of India - SBI) ₹ 5000,
Opening bank overdraft (Bank of Baroda - BOB) ₹ 4000
- 2 Goods of ₹ 8000 purchased, for which cheque of ₹ 3000 on SBI and for the remaining amount, a cheque of BOB is issued.
- 4 Goods of ₹ 7000 sold to Jeni, Jeni issued a cheque of the necessary amount, which is deposited in the BOB account.
- 6 Salary of ₹ 3000 paid by cheque of BOB.
- 8 SBI credited ₹ 700 for interest and ₹ 2000 for dividend.
- 10 ₹ 1500 withdrawn from SBI for personal use.
- 12 Crossed cheque of ₹ 15,000 received from Jinal towards her due, which is deposited in the BOB account.
- 20 Cheque of ₹ 2000 issued from SBI bank account and is deposited in the bank account of BOB.
- 22 Goods of ₹ 4000 sold at 10 % cash discount, for which cheque is received, which is deposited in the BOB account.

10. From the following transactions, prepare petty cash book of Jigar :

2015

- Oct. 1 Opening petty cash balance of ₹ 4000.
1 Amount received from the chief cashier ₹ 1000.
3 Wages of ₹ 600 and carriage of ₹ 400 are paid.
5 ₹ 700 paid for postage and postal stamps expenses.
8 ₹ 200 paid for wages.
10 ₹ 400 paid for stationery expenses.
12 ₹ 150 paid for Tea and refreshment expenses.
14 ₹ 500 received from the chief cashier.
15 Misc. expenses paid ₹ 500.
17 ₹ 400 given to Mishal for the payment of misc. expenses.

11. From the following transactions, prepare petty cash book of Shri Prince as per petty imprest system :

2015

- Nov. 1 Cash received from the chief cashier ₹ 5000.
2 ₹ 500 for printing charges of bill book and ₹ 350 for other stationery items are paid.
5 Postage expenses paid ₹ 200.
7 Carriage ₹ 50 and wages of ₹ 50 paid.
10 ₹ 100 is paid to Brij towards salary.
12 ₹ 200 is given to Sandip for the payment of misc. expenses.
18 Carriage of ₹ 50 and stationery expenses of ₹ 300 are paid.
20 ₹ 100 paid for misc. expenses.
24 ₹ 80 paid for postal stamps.
28 ₹ 350 for wages and ₹ 70 for misc. expenses are paid

12. The following information has been obtained in respect of the petty cash book maintained as per petty cash book on imprest system for the month ending on dt. 31-12-2015. From this information pass journal entries by main cashier.

Stationery expenses	₹ 500
Carriage	₹ 90
Wages	₹ 980
Tea & Refreshment	₹ 200
Misc. expenses	₹ 300

• **Special exercises for practice of three columnar cash book :**

13. From the following transactions, prepare three columnar cash book of Shri Mahendrabhai Bhatt :

2016

- Jan. 1 Opening cash balance ₹ 3500; opening bank overdraft ₹ 6000
2 Goods of ₹ 2000 sold to Parag in cash at 10 % cash discount.

- 4 Goods of ₹ 4000 purchased from Dipak at 10 % trade discount and 5 % cash discount and the amount is paid by cheque.
- 6 Goods of ₹ 7000 sold to Ami. Ami paid 40 % amount by cash and the remaining amount is paid by cheque. Cheque is deposited in the bank.
- 8 Cheque of ₹ 6000 is received, which is issued by Gaurang towards the payment of his old debt of ₹ 6050, which is deposited in the bank.
- 12 Salary of ₹ 2000 paid by NEFT and ₹ 5 paid for NEFT charge.
15. ₹ 1500 paid for stationery by cheque.
- 17 ₹ 4100 deposited in the bank.
- 20 As more funds are required in the business, personal vehicle of ₹ 10,000 sold for ₹ 8000 and ₹ 7000 is brought in the business.
- 23 ₹ 6000 withdrawn from the bank for the payment of school fees of his daughter.
- 25 ₹ 500 paid for the shop rent.
- 28 Bank debited ₹ 30 bank commission and ₹ 20 for SMS charges.
- 29 ₹ 5000 deposited in the bank account.

14. From the following transactions, prepare three columnar cash book of Sonamben :
2016

- | | | |
|------|----|---|
| Feb. | 1 | Cash balance ₹ 16,000
Bank balance ₹ 18,000 |
| | 4 | Goods of ₹ 8000 sold to Shri Ashokbhai. He has paid the amount in the bank through NEFT. |
| | 6 | Goods of ₹ 10,000 sold to Hetal in cash at 10 % cash discount. |
| | 9 | ₹ 3000 deposited in the bank. |
| | 11 | Life insurance premium of ₹ 2000 is paid by NEFT and bank debited ₹ 3 for charges. |
| | 13 | Salary of ₹ 3000 paid. |
| | 14 | Wages of ₹ 2000 paid. |
| | 17 | Cash purchase ₹ 1000, cash sales ₹ 3000 |
| | 19 | Bank credited ₹ 2500 for dividend through NEFT. |
| | 21 | Commission of ₹ 1200 paid. |
| | 23 | Fire insurance premium of ₹ 2500 paid by NEFT and bank debited ₹ 2 for charges. |
| | 25 | Bank credited Bank-interest of ₹ 200 and commission of ₹ 200 in our account through NEFT. |
| | 28 | Bank has paid the vehicle loan installment of ₹ 12,000 on behalf of us through NEFT and bank debited ₹ 3 for charges. |

15. From the following transactions, prepare three columnar cash book of Mansi :
2015

- | | | |
|-------|---|---|
| Sept. | 1 | Cash balance ₹ 10,000, bank overdraft ₹ 5000 |
| | 2 | Goods of ₹ 5000 purchased for cash from Keval at 10 % trade discount and 2 % cash discount. |

- 6 ₹ 8000 is received through NEFT and ₹ 1900 cash received from Jyoti in full settlement of account of ₹ 10,000.
- 10 Salary of ₹ 500 paid to Vinod through NEFT and ₹ 100 paid for rent by cash and bank debited ₹ 3 for charges.
- 15 Goods of ₹ 3000 sold to Kashmiraben for cash.
- 20 ₹ 500 withdrawn for office expenses and ₹ 350 withdrawn for personal use from the bank.
- 25 Machine of ₹ 3000 purchased and machine installation wages ₹ 250 paid.
- 30 After keeping cash on hand of ₹ 1000, the balance amount is deposited in the bank.

16. Record the following transactions in two columnar cash book of Shri Bhupinder for April, 2016 :

2016

- | | | |
|-------|----|--|
| April | 1 | Opening cash balance ₹ 55,000, bank balance ₹ 5,50,000 |
| | 3 | ₹ 5500 is given in donation. |
| | 3 | ₹ 49,500 paid to Mahesh through NEFT for his receivables. NEFT charge is ₹ 5. Bank debited the amount. |
| | 5 | Darshan paid ₹ 66,000 through NEFT towards his debt. Bank credited the amount. Darshan paid NEFT charges ₹ 5. |
| | 6 | Rent of ₹ 14,300 is paid by cash. |
| | 8 | Bank credited ₹ 22,000 for commission. |
| | 10 | Cash purchase ₹ 2,75,000, amount paid through RTGS. RTGS charge is ₹ 30. |
| | 12 | Cash sales ₹ 3,85,000, amount is received through RTGS. |
| | 13 | ₹ 22,000 paid to Kalpana towards her receivables through NEFT and NEFT charge is ₹ 5. |
| | 20 | Cash sales ₹ 44,000. |
| | 24 | Cash purchase ₹ 27,500. |
| | 25 | ₹ 49,500 sent for daughter's medical college fees through NEFT and debited the amount including ₹ 5 for NEFT charge. |
| | 30 | Bank credited ₹ 33,000 of dividend and Life Insurance premium paid ₹ 11,000 through NEFT. |

