

## CBSE Test Paper 02

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

1. To which side of the ledger account are the transactions in the payments side of the cash book posted?
2. Is the balance of petty cash book an asset or income?
3. The periodic total of sales return journal is posted to which account?
4. When a cheque deposited into bank is dishonoured by bank, it will be recorded in cash book in \_\_\_\_\_ column on \_\_\_\_\_ side.
5. Explain the procedure for balancing a ledger account.
6. Explain the imprest system of petty cash book?
7. Enter the following transaction in the single column cash book

2013		Amount (Rs.)
Jan 1	Mr Vijay commenced business with cash	3,50,000
Jan 2	Bought goods for cash	22,000
Jan 6	Purchased goods from Raja & Co on credit	20,000
Jan 8	Cash sales	75,000
Jan 10	Paid rent	1,200
Jan 18	Purchased building	3,00,000
Jan 21	Sold goods for cash	9,900
Jan 22	Sold goods to Kishan on credit	20,000
Jan 25	Paid salaries	10,000

Jan 28	Paid wages	5,500
Jan 30	Received from Kishan	12,000

8. Name the entries which have to be passed through a journal even though we might have maintained all the subsidiary books.
9. Vishal commenced business on 1st April, 2013 with Rs 8,00,000 as capital. He made following transactions in the first fortnight of April month. You are required to enter the transactions in his cash book

2013		Amount (Rs)
Apr 1	Purchased furniture and paid cash	1,00,000
	Paid to computer and printer	1,20,000
	Purchased goods	
Apr 4	Sold goods for cash	60,000
Apr 5	Purchased goods	80,000
	Paid to Raj	2,24,000
	Received discount from him	4,000
Apr 6	Received cash from Akash & Co	2,40,000
	Allowed them discount	80,000
Apr 7	Paid for petty expenses	6,000
Apr 8	Cash purchases	60,000
Apr 9	Cash sales	80,000
Apr 11	Received from Nikunj Bros	24,000
Apr 15	Paid for telephone	10,000
Apr 15	Paid to Jatin & Co	16,000
	Discount allowed by them	320
Apr 15	Purchased goods from Jatin & Co	60,000

10. Record the following transactions in Double Columns Cash Book and balance the book on 31st March. 2018.

2018		Rs.
Mar.1	Cash in Hand	12,750
	Cash at Bank	72,400
Mar.4	Received from Asha cash Rs.1,200 and a cheque for Rs.3,200, allowed discount Rs.400	
Mar.7	Paid Salary to Staff by cheque	25,600
Mar.9	Withdrawn cash from bank for office use	21,900
Mar.12	Interest paid by bank on bank balance	1,200
Mar.16	Purchased furniture in cash	16,500
Mar.21	Paid Mohan & Co. by cheque, discount received Rs.100	10,900
Mar.24	Proprietor withdrew from office cash for his personal use	11,600
Mar.29	Sold goods to Manoj for cash	14,800
Mar.31	Deposited office cash into bank	21,200



## CBSE Test Paper 02

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

#### Answer

1. They are posted in the debit side of the respective ledger account. A cash book is a financial journal that contains all cash receipts and payments, including bank deposits and withdrawals.
2. Balance of petty cash is an **asset**.
3. Sales return account. The seller records sales return as a debit to a Sales Returns account and a credit to the accounts receivable account; the total amount of sales returns in this account is a deduction from the reported amount of gross sales in a period, which yields a net sales figure.
4. Bank column, credit side. The journal entry will be:

Customer A/c Dr  
To Bank A/c

5. To know the net effect of all the business transactions recorded in the ledger account, the accounts need to be balanced. Thus, Balancing of Ledger Account means the balances of Debit and Credit side should be equal and this involves following steps:
  - i. Find the difference between the debit total and the credit total of the account.
  - ii. Put difference on the smaller side so that the two sides become equal. Then put the totals on both sides. Before writing the total draw a single line and after the total draw double lines. The two totals must be placed in two columns opposite each other.
  - iii. When the difference is put on the smaller side, write "Balance carried down" in the particulars column, against the balance amount. This is the balance of the account on a particular day.
  - iv. On the next day, the balance is brought down on the opposite side, and the account is continued with this balance.

6. 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. The essential features of an imprest system are:

- A fixed amount of cash is allocated to a petty cash fund, which is stated in a separate account in the general ledger.
- All cash distributions from the petty cash fund are documented with receipts.
- Petty cash disbursement receipts are used as the basis for periodic replenishments of the petty cash fund.
- Variances between expected and actual fund balances are regularly reviewed and investigated.

7.

#### Cash Book

Date	Particulars	V.No.	Amount	Date	Particulars	V.No.	Amount
Jan 01, 2013	To Capital		3,50,000	Jan 02, 2013	By Purchase		22,000
Jan 08, 2013	To sales		75,000	Jan 10, 2013	By Rent		1,200
Jan 21, 2013	To Sales		9,900	Jan 18, 2013	By Building		3,00,000
Jan 30, 2013	To Kishan		12,000	Jan 25, 2013	By Salaries		10,000
				Jan 28, 2013	By Wages		5,500



				Jan 30, 2013	By Balance c/d		1,08,200
			4,46,900 =====				4,46,900 =====
Feb 01, 2013	To Balance b/d		1,08,200				

The single column cash book (also known as simple cash book) is a cash book that is used to record only cash transactions of a business. It is very identical to a traditional cash account in which all cash receipts are recorded on left hand (debit) side and all cash payments are recorded on right hand (credit) side in chronological order.

8. Journal proper is book of original entry (simple journal) in which miscellaneous credit transactions which do not fit in any other books are recorded. It is also called miscellaneous journal. The form and procedure for maintaining this journal is the same that of simple journal. The journal is maintained like a simple journal to record opening entries, closing entries, transfer entries, adjustment entries, rectification entries, and rare transactions. Also called miscellaneous journal. Transactions are recorded in journal proper:
  - i. **Opening Entries:** The opening entries are passed in the journal in the beginning of a financial year to open the books by bringing the balances of various assets, liabilities and capital appearing in the balance of the previous account period.
  - ii. **Closing Entries:** The closing entries are passed in the journal for closing the nominal accounts by transferring them to trading and profit and loss account. These entries are passed at the end of the year at the time of preparation of final accounts.
  - iii. **Adjustment Entries:** Adjusting entries are passed in the journal in order to bring into books of accounts certain unrecorded items or in order to update ledger account on accrual basis. Such entries are made at the end of the accounting period e.g., closing stock, depreciation on fixed asset, outstanding and prepaid

items.

- iv. **Rectification Entries:** To rectify errors in recording transactions in the books of original entry and their posting to ledger accounts, journal is used.
- v. **Transfer Entries:** Transfer entries are passed in the journal for transferring an amount from one account to another account.
- vi. **Other entries:** In additions to the above-mentioned entry's, recording.

9.

### Cash Book (Two Columns)

Date	Particulars	L/F	Discount Allowed (Rs)	Cash (Rs)	Date	Particulars	L/F	Discount Received (Rs)	Cash (Rs)
2013					2013				
Apr 1	To Vishal's Capital A/c			8,00,000	Apr 1	By Furniture A/c			1,00,000
Apr 4	To Sales A/c			60,000		By Purchases A/c			1,20,000
Apr 6	To Aakash & Co.		8,000	2,40,000		By Computer and Printer A/c			1,20,000
Apr 9	To Sales A/c			80,000	Apr 5	By purchases A/c			80,000
Apr 11	To Nikunj Bros			24,000		By Raj		4,000	2,24,000
					Apr 7	By Petty Expenses A/c			6,000
					Apr 8	By Purchases A/c			60,000
					Apr 15	By Telephone Expenses A/c			10,000



						By Jatin & Co.		320	16,000
					Apr 15	By Balance c/d			4,68,000
			8,000	12,04,000				4,320	12,04,000
			=====	=====				=====	=====
Apr 16	To Balance b/d			4,68,000					

The discount column on the debit side of the cash book will record discounts allowed and that on the credit side discounts received. Discount columns in both sides are not balanced only totaled.

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, the two column cash book with Cash & Bank Column is to be maintained as follows:-

#### Cash book (Double Column)

Date	Particulars	LF	Cash	Bank	Date	Particulars	LF	Cash	Bank
2018					2018				
Mar.1	To Balance b/d		12,750	72,400	Mar.7	By Salary A/c		-	25,600
Mar.4	To Asha's A/c		1,200	3,200	Mar.9	By Cash A/c		-	21,900
Mar.9	To Bank A/c	(c)	21,900	-	Mar.16	By Furniture		16,500	-
Mar.12	To Interest A/c		-	1,200	Mar.21	By Mohan & Co.		-	10,900



Mar.29	To Sales A/c		14,800	-	Mar.24	By Drawings		11,600	-
Mar.31	To Cash A/c	(c)		21,200	Mar.31	By Bank A/c		21,200	-
					Mar.31	By Balance c/d		1,350	39,600
	<b>Total</b>		<b>50,650</b>	<b>98,000</b>		<b>Total</b>		<b>50,650</b>	<b>39,600</b>
Apr.1	To Balance b/d		1,350	39,600					