

Cash Book

Subsidiary Books- Meaning and Introduction

Objectives

After going through this lesson, you shall be able to understand the following concepts.

- Introduction
 - Need for Subsidiary Books
 - Kinds of Subsidiary Books
 - Advantages of Subsidiary Books

Introduction

Accounting process starts with identification of transactions of financial and non-financial nature. All financial transactions are first recorded in Journal. This is known as Books of Original entry. A small business has lesser number of transactions and therefore, it is possible to record all business transactions in one book i.e. Journal. However, when business grows, the number of business transaction also increases. It is very time-consuming, difficult and tedious task for a firm to record such voluminous transactions and events in one single book. Thus, in order to save time and efforts, it is advisable to sub-divide the Journal into Subsidiary Books to record the transactions of similar nature in a separate book.

These sub-divided Journals are popularly known as Subsidiary Books. These books are also termed as Special Purpose Books or Special Journals or Books of Original/Primary/Prime Entry. Sub-division of Journal provides scope for division of work which leads to the improvement in efficiency and effectiveness. In other words, subsidiary books provide an ease and convenience to record the transactions of similar nature in a separate book. Journal entry is not required for the transactions which are entered in these books.

Need for Subsidiary Book or Special Purpose Books

The following are needs for drawing up the subsidiary books.

1. **Quick and Efficient Recording**-When the size of a business is large, then definitely its number of business transaction will also be high. It is very tedious and time consuming process to record all the transaction in a Journal. By maintaining separate books, then recording of such voluminous transactions can be done in lesser time and more efficiently. So, due to this reason the need for maintaining special purpose books arises.
2. **Similar Nature**-In every business organisation, there are various transactions which are similar and repetitive in nature. It will be more convenient to record all similar transactions at one place as it helps in division of work among the employees. Thus, this need can be fulfilled by preparing the special purpose books.

iii. **Economical**- Maintaining the subsidiary books are more economical as it saves time and at the same time it also enhances the efficiency of the employees.

1. **Easy Posting**-In the subsidiary books all the similar transactions are recorded at a single place. This helps in its easy posting in the ledgers. For example, all credit sales are recorded in sales book and the total of sales book is to be posted to the sales account in the ledger.
2. **Complete Information at One Place**-All information related to similar transactions such as credit sales, credit purchases, cash receipts, cash payments, etc. are easily and readily available at a single place.

Kinds of Subsidiary Books

The following are the most popular subsidiary books that are used in a business.

1. **Cash Book**-This book is maintained to record all the cash receipts and cash payments. In addition to this, all the transactions related to bank such as payment into bank and withdrawals from bank are also recorded in this book.
2. **Sales Book**-This book is maintained to record the credit sale of goods and services done by a firm.
3. **Purchases Book**-This book is maintained to record the credit purchase of goods and services by a firm.
4. **Sales Return Book or Return Inward Book**-This book is maintained to record the return of goods by the customers, which were previously sold to them on credit.
5. **Purchases Return Book or Return Outward Book**-This book is maintained to record the return of goods by the business to the suppliers, which were previously purchased from them on credit.
6. **Journal Proper**-This book is maintained to record all other similar transactions which cannot be incorporated or recorded in any of the above books.

Advantages of Subsidiary Book or Special Purpose Books

The given below are the various advantages of maintaining the subsidiary books.

1. **Division of Work**-In the absence of sub-division of Journal, the large number of business transactions needs to be recorded in one single book i.e. in the Journal by more than one person. This may lead to chaos and confusion. At the same time, there will be more inflexibility and lack of accountability among the accountants. Sub-division of Journal enables different persons to maintain different books. This division of work will not only avoid confusions but also enhance the sense of accountability among the accountants.
2. **Time Saving**-The recording of huge business transactions through subsidiary books leads to time saving as various accounting processes can be undertaken simultaneously due to use of different books as compared to its recording through entries in a Journal.

iii. **Prompt Information**- The transactions of similar nature are recorded in a particular subsidiary book. This acts as a ready or available source to access the information in a quick manner at a single place.

1. **Accountability**-Sub-division of Journal entrusts its employees with high degree of responsibility and accountability for maintaining subsidiary books that are particularly assigned to them.
2. **Easy Checking**-As the volume of transactions is less in the subsidiary books, so, it helps in easy and quick detection of any discrepancies or errors.
3. **Specialisation**-The accountability, responsibility and division of work together enhance the specialisation of each accountant or employee. This is because, routine and repetitive tasks are performed by a single person which helps in improving the efficiency.

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Cash Book- Introduction, Features and Advantages

Objectives

After going through this lesson, you shall be able to understand following concepts.

- Meaning of Cash Book
 - Features of Cash Book
 - Advantages of Cash Book
 - Differentiation between Cash Book and Cash Account
 - Cash Book- A Subsidiary and a Principal Book
 - Similarities of Cash Book with Journal
 - Types of Cash Book

Meaning of Cash Book

As you have already learned that every transaction is first recorded in Journal. But as the business grows, volume of transaction also increases and it becomes practically very difficult to record all the transactions in Journal. So, for all the transactions related to Cash whether it is receipt or payment a separate book is maintained, which is called *Cash Book*. In Cash Book all the transactions related to receipts of cash are recorded on the left side of the book as *Cash Receipts* and all the transactions related to cash payments are recorded on the Right Side of the Book as *Cash Payments*. Balance of Cash or Bank on any day can be calculated by deducting total of Right side (or Payment side) of the book *from* total of the Left Side (or Receipt side) of the book.

Features of the Cash Book

- (1) It records **only cash transactions**.
- (2) All transactions relating to receipt of cash or cheque are recorded on the **Left Side** of the Cash Book and the transactions related to payment of cash or cheque are recorded on the **Right Side** of the Cash Book.
- (3) Transactions are recorded in the Cash Book as and when they occurred *i.e.* in **chronological order**.
- (4) It serves both the purpose of **Journal as well as Ledger**.

Advantages of the Cash Book

- (1) It **eliminates duplication of work** because when Cash Book is maintained there is no need to record these transactions in Journal and Cash Account is also not required to be prepared. Cash book in itself acts as Journal as well as a ledger.
- (2) It records **cash as well as bank** transactions.

(3) It helps in getting balance of Cash and Bank for any day at **any point of time**.

(4) It gives a **daily summary** of Cash transactions in form of Cash received, paid and closing balance of Cash and bank at the end of the day.

(5) Closing cash balance of the Cash Book on any particular day must match with actual cash in hand available. This physical check **reduces chances of cash frauds** committed by cashiers and employees.

Differentiation between Cash Book and Cash Account

Basis	Cash Book	Cash Account
Nature	It is a book that records all cash transactions	It is a Ledger Account
Purpose	It is called as the Book of Original Entry. As cash transactions are first recorded in the Cash Book and thereafter posted into various Ledgers	It is an Account in which posting is done from the transactions recorded in the Journal
Requirement to open Cash Account	When Cash Book is maintained there is no requirement to prepare Cash Account	When cash transactions are recorded in Journal, there is an essential requirement to open a Cash Account

Cash Book- A Subsidiary and a Principal Book

Cash Book serves dual purpose *i.e.* Subsidiary Book as well as Principal Book. If Cash book is prepared then all the cash transactions are directly recorded in the Cash Book and there is no need to record these transactions in Journal. On the basis of Cash Book, Ledger Accounts are prepared and therefore, it is called as a Subsidiary Book.

Once, the cash transactions are recorded in the Cash Book there is no need to post them again in the Cash Account. Cash Book in itself represents the Cash and Bank Account, that's why, it is called as the Principal Book. From this, it can be concluded that Cash Book serves the purpose of both Principal as well as Subsidiary Book.

Similarities of Cash Book with Journal

(1) Transactions (only of Cash nature) are recorded in the Cash Book from the source document just like a journal.

(2) Similar to Journal, transactions in the Cash Book are recorded as and when they occurred *i.e* date wise/chronological order.

(3) Transactions whether recorded in Journal or in the Cash Book are to be posted to their Relevant Ledger Accounts, with an exception to Cash Account in case of Cash Book.

(4) Both Journal as well as Cash Book contains a separate column of Ledger Folio.

Types of Cash Book

There are four types of Cash Book.

(1) Single Column Cash Book: It records transactions relating to cash only.

(2) Two Column Cash Book: It contains two columns *i.e.* Cash and Bank Columns on both the sides. It records all transactions relating to Cash as well as Bank.

(3) Three Column Cash Book: It contains three columns *i.e.* Cash, Bank and discount Columns on both the sides. Discount Allowed Column is shown on the Left Side (or debit side) of the book whereas Discount Received Column is shown on the Right Side (or Credit side) of the Book.

(4) Petty Cash Book: It record expenses involving petty (or small) amount.

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Cash Book- Simple Cash Book (Single Column)

Objectives

After going through this lesson, you shall be able to understand the following concepts.

- Introduction to Single Column Cash Book
 - Format of Single Column Cash Book
 - Balancing of Single Column Cash Book
 - Points to be considered for preparing Single Column Cash Book

Introduction to Single Column Cash Book

It has a structure similar to an account. There is only one column (i.e. Cash) on both the sides of the Cash Book. Left Side (Debit side) of the Cash Book consists of Cash Receipts and Right Side (Credit side) consists of Cash Payments.

Format of Single Column Cash Book

Cash Book									
Dr.	RECEIPTS				PAYMENTS				Cr.
Date	Particulars	V.No.	L.F.	Amount (Rs)	Date	Particulars	V.No.	L.F.	Amount (Rs)

(i) **Date:** It refers to date on which transaction took place.

(ii) **Particulars:** It contains name of the account involved in cash transactions. If a transaction is related to the receipt of an amount then name of the account will be shown under the head Particulars on the Receipt Side (or Debit side) of the Cash Book. On the other hand, if transaction involves payment of an amount then name of the account will be mentioned under the head Particulars on the Payment Side (or Credit side) of the Cash Book.

(iii) **Voucher No. (V.No.):** Transactions are recorded on the basis of voucher. All vouchers have a serial number. Column of Voucher No in the Cash Book contains serial number of the voucher.

(iv) **Ledger Folio (L.F.)** In the L.F. column, page number of the Ledger is mentioned. This page number is that page of Ledger where the amount has been posted.

(v) **Amount:** It contains amount of the transaction. Cash received is written on the debit side of the Cash Book and Cash paid is written on the credit side of the Cash Book.

Balancing of Single Column Cash Book

Like any other Ledger Account Cash Book is also balanced. Total of Payment side is deducted from the Total of Receipt side, *difference* amount is written on the credit side as "Balance c/d". After this both the sides are totaled then this "Balance c/d" is written on the debit side as "Balance b/d", this shows opening Cash Balance of the next period.

Points to be considered for preparing Single Column Cash Book

- (1) If Cash Book is prepared then there is **no need to open a Cash Account**.
- (2) Balancing of Cash Book is done in the same way as we **balance any other Ledger Account**.
- (3) Cash Book **always has a debit balance**, in no case it can have a credit balance. If there is a credit balance this shows Cash Payments is in excess of Cash Receipts which is practically impossible.
- (4) Cash Book does **not record non-cash** transactions i.e. transactions related to Cheques received or issued and discount allowed or received.

(5) When an entry is recorded in the Cash Book, its **second effect is recorded in the corresponding ledger**. For example Cash Received from Mohan Rs 5,000. There are two effects of this transaction. First as Cash is received so it will be recorded on the debit side of the Cash Book with Rs 5,000. Second effect of this transaction is, it will be recorded on the credit side of the Mohan Account with Rs 5,000.

Important Note

Cash Book always have a debit balance, in no case it can have a credit balance. If there is a credit balance this shows Cash Payments is in excess of Cash Receipts which is practically impossible. Although it may be possible that the closing balance of the Cash Book is nil and it is possible only in one case i.e. where Cash Receipts are exactly equal to Cash Payments.

Example-1: Prepare Single Column Cash Book of Rajesh Talwar from the transactions given below.

Date	Particulars	Amount (Rs)
2013		
June 01	Rajesh Talwar commenced business with Cash	10,000
June 03	Purchased Goods	4,200
June 04	Sold goods for Cash	6,500
June 08	Paid Rent	1,200
June 09	Paid Electricity Expenses	1,500
June 12	Received Cash from Ajay	1,800
June 14	Paid Cash to Ankush	1,350
June 17	Paid for Miscellaneous Expenses	50
June 19	Purchased furniture for office use	980
June 22	Deposited into Bank	1,020
June 25	Paid Salaries	650
June 30	Paid to Kishore	1,120

Solution:

Cash Book		

Dr.	RECEIPTS			PAYMENTS			Cr.
Date	Particulars	L.F.	Amount (Rs)	Date	Particulars	L.F.	Amount (Rs)
2013				2013			
June 01	Capital A/c		10,000	June 03	Purchases A/c		4,200
June 04	Sales A/c		6,500	June 08	Rent A/c		1,200
June 12	Ajay		1,800	June 09	Electricity Expenses A/c		1,500
				June 14	Ankush		1,350
				June 17	Miscellaneous Expenses A/c		50
				June 19	Furniture A/c		980
				June 22	Bank A/c		1,020
				June 25	Salaries A/c		650
				June 30	Kishore		1,120
				June 30	Balance c/d		6,230
			18,300				18,300
2013							
July 01	Balance b/d		6,230				

Example-2: Prepare Single Column Cash Book of Inderjeet Singh from the transactions given below.

Date	Particulars	Amount (Rs)
2013		
May 01	Inderjeet Singh commenced business with Cash	6,800

May 02	Sold goods to Arvind on credit	4,200
May 05	Paid into Bank	1,400
May 07	Paid Wages	280
May 10	Purchased goods in Cash	4,400
May 13	Advertising Expenses	1,250
May 15	Withdrew cash for personal use	450
May 18	Paid for Printing to Raman Press	800
May 20	Paid to Anil	3,100
May 24	Paid for Postage	160
May 28	Received from Janak	1,550
May 30	Sold goods to Amitosh in Cash	5,050

Solution:

Cash Book							
Dr.	RECEIPTS			PAYMENTS			Cr.
Date	Particulars	L.F.	Amount (Rs)	Date	Particulars	L.F.	Amount (Rs)
2013				2013			
May 01	Capital A/c		6,800	May 05	Bank A/c		1,400
May 28	Janak		1,550	May 07	Wages A/c		280
May 30	Sales A/c		5,050	May 10	Purchases A/c		4,400
				May 13	Advertising Expenses A/c		1,250

				May 15	Drawings A/c		450
				May 18	Printing and Stationery Expenses A/c		800
				May 20	Anil		3,100
				May 24	Postage A/c		160
				May 31	Balance c/d		1,560
			13,400				13,400
2013							
June 01	Balance b/d		1,560				

Note: Goods sold to Arvind on Credit on May 02 is a non-cash transaction. Therefore, it is not recorded in the Cash Book.

Example-3: Prepare Single Column Cash Book of Albert Pinto from the transactions given below.

Date	Particulars	Amount (Rs)
2013		
July 01	Balance from the last month	2,80,000
July 03	Paid Rent	30,000
July 05	Paid cash to Rajinder on Account of Rs 1,00,000 and discount allowed @10%	
July 09	Cash Purchases	52,000
July 11	Sold goods for Cash	75,000
July 12	Purchased books for his Son	3,600
July 15	Received cash from Mr. Kukreja	56,500
	Discount Allowed	3,500

July 18	Furniture Purchased	22,800
July 21	Purchased goods from Randeep on credit	32,650
July 25	Paid Electricity Expenses	7,400
July 28	Received Cash from Shambhu	21,800
July 31	Sold goods to Vishal on credit	52,450

Solution:

Cash Book							
Dr.	RECEIPTS			PAYMENTS			Cr.
Date	Particulars	L.F.	Amount (Rs)	Date	Particulars	L.F.	Amount (Rs)
2013				2013			
July 01	Balance b/d		2,80,000	July 03	Rent A/c		30,000
July 11	Sales A/c		75,000	July 05	Rajinder		90,000
July 15	Kukreja		56,500	July 09	Purchases A/c		52,000
July 28	Shambhu		21,800	July 12	Drawings A/c		3,600
				July 18	Furniture A/c		22,800
				July 25	Electricity Expenses A/c		7,400
				July 31	Balance c/d		2,27,500
			4,33,300				4,33,300
2013							
Aug.01	Balance b/d		2,27,500				

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Note: Goods purchased on credit on July 21 and sold on credit on July 31 are non-cash transactions. Therefore, these are not recorded in the Cash Book.

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Cash Book- Double Column Cash Book

Objectives

After going through this lesson, you shall be able to understand the following concepts.

- Double Column Cash Book
- Balancing of Double Column Cash Book (Cash and Bank Column)

Introduction to Double Column Cash Book

Simple cash book with single column on both the sides is maintained if the organisation has only cash transactions. This still might be theoretically possible or might be possible for very small businesses but in practical life one may hardly find any instance of a single column cash book. Even the smallest of the businesses today have a Current Account with a bank as most of the receipts and payments are done through bank.

A double column cash book is a Cash Book with two columns on both the sides .These two columns are of Cash and Bank. In today's world practically speaking no business can operate without a bank account as majority of transactions take place with the help of a bank account. It is due to various legal bindings and security reasons that the transactions have to be necessarily routed through a bank account. This makes it inevitable (unavoidable) for a business to maintain a Double column cash book. The transactions related to cash and bank are separately recorded in a cash book this facilitates the availability of bank balance immediately with the business. The format of a Cash and Bank Column cash book is:

Cash Book												
Dr.	Receipts								Payments			Cr.
Date	Particulars	V.No.	L.F.	Bank (Rs.)	Cash (Rs.)	Date	Particulars	V.No.	L.F.	Bank (Rs.)	Cash (Rs.)	

Balancing of Double Column Cash Book (Cash and Bank Column)

Like Single Column Cash Book, Double Column Cash Book is also balanced. Total of Payment side is deducted from the Total of Receipt side, *difference* amount is written in the Amount Column on the credit side as "Balance c/d". When both the sides are totaled then "Balance c/d" is written on the debit side as "Balance b/d", which shows opening Cash Balance of the next period.

Remember Discount Columns on the Debit as well as Credit side of the book is only totaled not balanced. This is because both discount allowed and discount received are nominal accounts and are treated as expenses and incomes of the business respectively. Therefore, being nominal in nature they are never balanced simply totaled.

Example 1: Prepare a double column Cash Book with Cash and Bank Columns from the following information:

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Date	Particulars	Rs.
2019		
Feb.1	Cash in Hand	50,000
	Bank Overdraft	25,000
Feb.3	Wages Paid	1,500
Feb.7	Cash Sales	80,000
	Discount Allowed	500
Feb.12	Cash Deposited in the bank	35,000
Feb.15	Goods purchased and payment made by cheque	15,000
	Received Cash Discount	450
Feb.24	Paid Rent	3,000
Feb.26	Drew from bank for personal use	2,000
Feb.28	Salary paid	5,000

Answer:

Dr.				Cash Book (Double Column)						Cr.
Date	Particulars	L.F.	Cash(Rs.)	Bank(Rs.)	Date	Particulars	L.F.	Cash(Rs.)	Bank(Rs.)	
2019 Feb.1	To balance b/d		50,000		2019 Feb.1	By balance b/d			25,000	
Feb.3	To Sales A/c		79,500		Feb.3	By Wages A/c		1,500		
Feb.12	To Cash A/c	C		35,000	Feb.12	By Bank A/c	C	35,000		
					Feb.15	By Purchases A/c			14,550	
Feb. 28	To balance c/d			6,550	Feb.24	By Rent A/c		3,000		

					Feb.26	By Drawings A/c			2,000
					Feb.28	By Salary A/c		5,000	
					Feb.28	By balance c/d		85,000	
			<u>1,29,500</u>	<u>41,550</u>				<u>1,29,500</u>	<u>41,550</u>

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Example 2: (With GST) : Prepare a Double Column Cash Book with Cash and Bank Columns from the following information:

Date 2018	Particulars	Amount (₹)
Jan. 1	Cash in hand	10,000
Jan. 1	Cash at Bank	50,000
Jan. 2	Purchased goods @12% IGST in cash	5,000
Jan. 8	Purchased Machinery @6% CGST and SGST each and paid by cheque	20,000
Jan.12	Sold goods of Rs.2,000 Plus CGST and SGST @6% each	-----
Jan. 18	Paid wages	1,000
Jan. 22	Drew from Bank to purchase a bi-cycle for household use	5,000
Jan. 30	Salary paid by cheque	10,000
Jan. 31	Cash deposited into Bank	5,000

Solution:

Cash Book (Two columns)

Date	Particulars	L.F.	Cash	Bank	Date	Particulars	L.F.	Cash	Bank
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2018					2018				
Jan.1	Balance b/d		10,000	50,000	Jan.2	Purchases A/c		5,000	
Jan.12	Sales A/c		5,000		Jan.2	Input IGST A/c		600	
Jan.12	Output CGST A/c		300		Jan.8	Machinery A/c			20,000
Jan.12	Output SGST A/c		300		Jan.8	Input CGST A/c			1,200
Jan.31	Cash A/c	C		5,000	Jan.8	Input SGST A/c			1,200
					Jan.18	Wages A/c		1,000	
					Jan.22	Drawings A/c			5,000
					Jan.30	Salary A/c			10,000
					Jan.31	Bank A/c	C	5,000	
					Jan.31	Balance c/d		4,000	17,600
			15,600	55,000				15,600	55,000

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Cash Book- Special Transactions

Objectives

After going through this lesson, you shall be able to understand some special transactions which need special treatment in the Cash Book. These transactions are following:

- Contra Transactions
 - Cheque received and deposited on the same day
 - Cheque received and deposited on another day
 - Dishonour of cheque
 - Payment by cheque
 - Endorsement of cheque
- Amount withdrawn from bank for personal use
- Interest and dividend received by bank
- Interest, commission or other charges of bank
- Amount directly deposited into bank by the customer
- Discounting bill receivable from the bank
- Bills sent for collection, collected by the bank
- Cash Discount received
- Cash Discount allowed
- Discount received earlier, refused later on by the creditors
- Discount allowed earlier, refused later
- Insolvency of Debtors
- Loan Taken

- Bank Overdraft
- Sale through Credit / Debit Cards

1.

Contra Transactions

In case a single transaction affects both cash and bank column with the same amount then such a transaction is known as contra transaction. In other words, contra transactions are those transactions in which both accounts i.e. cash and bank are involved in one transaction. These transactions are indicated by the contra sign "C" in the "Ledger Folio" column against both sides of the Cash Book. The use of "C" against both sides of the Cash Book under the "L.F." column of the Cash Book eliminates the need for any further posting to the ledger. We can better understand contra transactions with the help of following examples:

1. Cash deposited in bank: Cash deposited in bank is recorded on the debit (receipts) side of bank column showing an increase in bank and credit (Payments) side under the cash column of the Cash Book showing a decrease in cash.

ii. Cash withdrawn from bank for Petty Expenses: In case cash is withdrawn from bank for petty expenses, the transaction is recorded on the debit side (receipts) side under the cash column showing an increase in cash and credit (payments) side under the bank column showing a decrease in bank .

Example: On 21-01-2013, XYZ Ltd pays Rs 2,000 into bank. This transaction shall be recorded in the Cash Book as under.

Cash Book (Double Column – Cash and Bank)									
Dr.	RECEIPTS				PAYMENTS				Cr.
Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)	Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)
2013					2013				
Jan 21	Cash A/c	C		2,000	Jan 21	Bank A/c	C	2,000	

Example: On 29-01-2013, ABC Ltd. withdraws amount of Rs 9,000 from bank for office use. This transaction shall be recorded in the Cash Book as under.

Cash Book (Double Column – Cash and Bank)									
Dr.	RECEIPTS				PAYMENTS				Cr.
Date	Particulars	L.F.	Cash	Bank (Rs)	Date	Particulars	L.F.	Cash	Bank

			(Rs)					(Rs)	(Rs)
2013					2013				
Jan 29	Bank A/c	C	9,000		Jan 29	Cash A/c	C		9,000

2. Cheque received and deposited on the same day

When a business receives a cheque it may be deposited into bank on the same day or on another day. In case the cheque is deposited into bank on the same day the amount is recorded in the bank column of the Cash Book on the receipts side.

Example: On 21-01-2013, a business receives a cheque of Rs 10,000 from Ram and deposits the same in the bank on the same day. This transaction shall be recorded in the Cash Book as under.

Cash Book (Double Column – Cash and Bank)									
Dr.	RECEIPTS				PAYMENTS				Cr.
Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)	Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)
2013					2013				
Jan 21	Ram			10,000	Jan 21				

3. Cheque received and deposited on another day

If cheques and drafts are received but are not deposited in the bank on the same day, they are recorded in the books of account through following Journal Entry.

Journal Proper				
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)

	Cheques-in-hand A/c	Dr.			
	To Debtor (say XYZ) A/c				
	(Cheque is received but not deposited into bank)				

When the cheque received is deposited, it is recorded in the bank column on the receipt side of Cash Book as follows:

Cheques-in-Hand A/c xxx

The above entry will make the balance in cheques-in-hand as NIL.

Alternatively,

If cheque is received but is not deposited in the bank on the same day, the cheque is first entered in the cash column on the debit side (receipts side) of the Cash Book. Subsequently, on deposit of cheque in the bank, it is recorded as cash deposited into the bank, for which Bank Account is debited (recorded on the debit side i.e. receipts side in the bank column) and Cash Account is credited (recorded in the cash column on payments or credit side).

Note: If there is no information as to the deposit date of the cheque, it is assumed that the cheque has been deposited on the same date.

Example: On 20-01-2013, a cheque of Rs 2,500 is received from Rajesh and deposits the same into bank on 30-01-2013. This transaction shall be recorded in the Cash Book as under.

The Journal Entry for recording the receipt of cheque is:

Journal Proper					
Date	Particulars		L.F.	Debit Amount (Rs)	Credit Amount (Rs)
2013					
Jan.20	Cheques-in-Hand A/c	Dr.		2,500	
	To Rajesh				2,500
	(Cheque is received but not deposited into bank)				

And on the deposit of cheque in the bank, it will be recorded in Cash Book as follows:

--

Cash Book**(Double Column – Cash and Bank)**

Dr.	RECEIPTS				PAYMENTS				Cr.
Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)	Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)
2013					2013				
Jan 30	Cheques-in-Hand	C		2,500					

Alternatively,**Cash Book****(Double Column – Cash and Bank)**

Dr.	RECEIPTS				PAYMENTS				Cr.
Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)	Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)
2013					2013				
Jan 20	Rajesh		2,500		Jan 30	Bank A/c	C	2,500	
Jan 30	Cash A/c	C		2,500					

4. Dishonour of Cheque

It means return of a cheque by the bank due to various reasons such as insufficient funds in the party's account with bank, signature of party is not in agreement with that present in bank record, wrong account number quoted on the cheque etc. On dishonour of a cheque the bank will debit the account of business enterprise and return the cheque. On intimation and receipt of such a cheque from the bank, the enterprise shall make such an entry which will restore to the position prevailing before the receipt of the cheque from the party and its deposit in the bank. This is done by making an entry in

Example: On 12-01-2013, an intimation was received from the bank that a cheque of Rs 5,000 received from Aman had been dishonoured. This transaction shall be recorded in the Cash Book as under.

Note: The bank charges, charged upon dishonour of a cheque shall be included in the amount of dishonoured cheque.

Cheques once issued ultimately reduce the bank amount, thus, all payments made through cheques are recorded on the credit side and under the bank column of the Cash Book.

[illegible]

6. Endorsement of Cheque

Endorsement of a cheque happens when a bearer cheque received from a party is not deposited in the bank, but is given to any third party for making the similar payment to such a third party . On endorsement of a cheque to the third party the cash column must be reduced so that it gets recorded in the cash column of the credit side of the Cash Book. On receipt of such a cheque, it must have been recorded in the cash column on the debit (receipt) side of the Cash Book. Example: On 05-03-2013, the business endorsed a cheque of Rs 2,500 in favour of Rajat. The cheque was earlier received from Lalit on 12-01-2013 but due to paucity of time cheque was not deposited in the bank till date. This transaction shall be recorded in the Cash Book as under.

Cash Book (Double Column – Cash and Bank)									
Dr.	RECEIPTS				PAYMENTS				Cr.
Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)	Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)
2013					2013				
Jan 12	Lalit		2,500		Mar 05	Rajat		2,500	

Note: If Cheque received is endorsed on same day then it will not be recorded in Cash Book instead an entry will be passed in Journal Proper.

7. Amount withdrawn from the bank for personal use

Such an amount is regarded as drawings of the proprietor and thus it will not be regarded as a contra entry. Such an entry will reduce the bank balance, hence, it shall be shown in the bank column on the credit (payments) side of the Cash Book. Example: On 19-03-2013, the business enterprise draws a cheque worth Rs 5,000 for personal use. This transaction shall be recorded in the Cash Book as under.

Cash Book (Double Column – Cash and Bank)									
Dr.	RECEIPTS				PAYMENTS				Cr.
Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)	Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)
2013					2013				
					Mar 19	Drawings A/c			5,000

8. Interest and dividend received by the bank

Bank credits the customer's account for collection of interest or dividend or any receipt on behalf of the customers. In such a situation, the entry shall be made on the debit side of the Cash Book.

Example: On 31-3-2013 bank credits the account of the business with Rs 150 in respect of dividends from XYZ Ltd. This transaction shall be recorded in the Cash Book as under.

Cash Book (Double Column – Cash and Bank)									
Dr.	RECEIPTS				PAYMENTS				Cr.
Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)	Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)
2013					2013				
Mar 31	Dividend A/c			150					

9. Interest, commission or other charges of the bank

The entry in such a case will be made in the bank column on the credit side of the Cash Book when the bank debits the account of a business because of Bank charges, Interest etc.

Example: On 31-1-2013 bank debits the account of the business with Rs 250 in respect of bank charges for current account. This transaction shall be recorded in the Cash Book as under.

Cash Book (Double Column – Cash and Bank)									
Dr.	RECEIPTS				PAYMENTS				Cr.
Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)	Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)
2013					2013				

					Jan 31	Bank Charges			250

10. Amount directly deposited into the bank by the customer

Sometimes it may happen that the customer directly deposits the payment into the bank of the business enterprise. The same should be reflected on the debit side of the Cash Book.

Example: On 31-1-2013 goods were sold to Manju for Rs 7,800. On the same day, Manju deposited the full amount directly into the bank account of the business enterprise. This transaction shall be recorded in the cash book as under.

Cash Book (Double Column – Cash and Bank)									
Dr.	RECEIPTS				PAYMENTS				Cr.
Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)	Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)
2013					2013				
Jan 31	Sales A/c			7,800					

11. Discounting bill receivable from the bank

A business can discount a bill received by it with a bank before its maturity. In such a case, bank after deducting discounting charges credits the remaining amount to a customer's account. This will lead to an entry being made in the bank column on the debit side of the Cash Book with the net amount (i.e. after deducting discounting charges). The entry for recording discount shall be made in the Journal Proper as well.

Journal Proper				
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)

	Discounting Charges A/c	Dr.			
	To Bills Receivable A/c				
	(Bill discounted with the bank and discount charged)				

Example: On 21-11-2013, goods were sold to Raina for Rs 4,200. On the same day, a bill for the same amount was drawn upon Raina for two months. As the business was in urgent need of funds it got the bill discounted from the bank on 23-11-2013, bank deducted Rs 200 for discount. This transaction shall be recorded in the Cash Book and Journal Proper as under.

Cash Book (Double Column – Cash and Bank)									
Dr.	RECEIPTS				PAYMENTS				Cr.
Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)	Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)
2013					2013				
Nov 21	Bills Receivable A/c			4,000					

The entry for recording discount shall be made in the Journal Proper as under.

Journal Proper				
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Discounting Charges A/c	Dr.	200	
	To Bills Receivable A/c			200

	(Bill of Rs 4,200 discounted with bank , discount of Rs 200 charged)				

12. Bills sent for collection, collected by the bank

Most of the banks these days extend a facility to its customers to collect on behalf of them, the amount due on bills from the drawee of the bills in time. The entry shall be made in the bank column on the debit side (receipt) of Cash Book with the amount mentioned on the bill.

Example: On 18-1-2013 bank intimates that the bill for Rs 6,000 which were sent for collection has been collected. This transaction shall be recorded in the Cash Book as under.

Cash Book (Double Column – Cash and Bank)									
Dr.	RECEIPTS				PAYMENTS				Cr.
Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)	Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)
2013					2013				
Jan 18	Bills sent for Collection A/c			6,000					

13. Cash discount received

In case a business enterprise receives a cash discount, only net amount (amount after deducting discount) paid shall be recorded on the credit side under cash column, if the payment is made in cash. However, if the payment is made through cheque, then net amount paid shall be recorded in the bank column on the credit side of the Cash Book. In such a situation we have to record the entry for recording discount in Journal Proper.

Journal Proper					
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)	

	Creditors A/c	Dr.			
	To Discount Received A/c				
	(with the amount of discount)				

Example: On 31-3-2013, a creditor worth Rs 1,00,000 allowed 10% discount on the total payment due to him, if paid immediately . In order to avail of this facility, the business paid the full amount through cheque on the same day. This transaction shall be recorded in the Cash Book and Journal Proper as under.

Cash Book (Double Column – Cash and Bank)									
Dr.	RECEIPTS				PAYMENTS				Cr.
Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)	Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)
2013					2013				
					Mar 31	Creditors A/c			90,000

The entry for recording discount shall be made in the Journal Proper as under.

Journal Proper					
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)	
	Creditors A/c	Dr.	10,000		

	To Discount received A/c				10,000
	(Discount @ 10% received from creditors)				

14. Cash discount allowed

In many cases the businesses allows a cash discount, in such a case the net amount received (i.e. amount after deducting the discount amount) shall be recorded on the debit side (receipt side) under the cash column of the Cash Book, if the payment is received in cash. However, if the payment is received by a cheque then it shall be recorded in the debit side of the bank column in the Cash Book. Entry in the Journal Proper for recording the discount shall be made as follows:

Journal Proper					
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)	
	Discount Allowed A/c	Dr.			
	To Debtors A/c				
	(with the amount of discount)				

Example: On 15-1-2013, a business allowed 10% discount to Nikhil (debtor) who owes Rs 10,000 to the business. Nikhil paid the whole sum through cheque on the same day and it was also deposited on the same day. This transaction shall be recorded in the Cash Book and Journal Proper as under.

Cash Book (Double Column – Cash and Bank)									
Dr.	RECEIPTS				PAYMENTS				Cr.
Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)	Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)
2013					2013				

Jan 15	Nikhil			9,000					

The entry for recording discount shall be made in the Journal Proper as under.

Journal Proper					
Date	Particulars		L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Discount Allowed A/c	Dr.		1000	
	To Nikhil				1000
	(With the amount of discount)				

15. Cancellation of discount (previously received) on dishonour

Discount is received by a business for making payment to the creditors before time. In this case where the payment is made through cheque and cheque is dishonoured, an entry will be made on the debit side of the Cash Book by entering amount of dishonoured cheque in the bank column in the Cash Book. The entry of discount allowed should be nullified by way of following entry in Journal Proper:

Journal					
Date	Particulars		L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Discount Received A/c	Dr.			

	To Creditors A/c				
	(With the amount of discount received earlier)				

Example: On 05-3-2013, an intimation was received from the bank that a cheque for Rs 5,600 given to Ms. P.Sethi on 12-01-2013 for making the payment settling her account of Rs 6,000 had been dishonoured due to insufficient funds in the bank. This transaction shall be recorded in the Cash Book and Journal Proper as under:

Cash Book (Double Column – Cash and Bank)									
Dr.	RECEIPTS				PAYMENTS				Cr.
Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)	Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)
2013					2013				
Mar 05	Ms. P. Sethi			5,600					

The entry for recording discount received earlier shall be nullified by passing the below mentioned entry in the Journal Proper as under:

Journal Proper					
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)	
	Discount Received A/c	Dr.	400		
	To Ms P. Sethi			400	

	(Reversal of discount received earlier)				

16. Discount allowed (previously) is cancelled on dishonour

Discount is allowed by a business enterprise to the debtors if the debtors make the payment within specified time. If payment is received through cheque and cheque is dishonoured, we will pass an entry on the credit side of Cash Book and amount of dishonour will be entered in the bank column of the Cash Book. The earlier entry of discount allowed will be nullified by passing the below mentioned entry in the Journal Proper.

Journal Proper					
Date	Particulars		L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Debtors A/c	Dr.		400	
	To Discount allowed A/c				400
	(Amount of discount allowed earlier)				

Example: On 15-01-2013, an intimation was received from the bank that a cheque for Rs 4,500 received from Rahul on 15-01-2013, had been dishonoured. This transaction shall be recorded in the Cash Book and Journal Proper as under:

Cash Book (Double Column – Cash and Bank)									
Dr.	RECEIPTS				PAYMENTS				Cr.
Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)	Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)
2013					2013				
					Jan 15	Rahul			4,500

The entry for recording discount received earlier shall be made in the Journal Proper as under.

Journal					
Date	Particulars		L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Rahul	Dr.		500	
	To Discount Allowed A/c				500
	(Discount allowed earlier is cancelled)				

17. Insolvency of Debtors

In case any debtor of a business enterprise becomes insolvent, the actual cash received from his estate shall be recorded on the debit side of the Cash Book under the cash column if payment is received in cash or under bank column if payment is received through cheque and the cheque is deposited on the same day. It should be noted that the entry for recording bad debts shall be made in the Journal Proper as follows:

Journal Proper					
Date	Particulars		L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Bad Debts A/c	Dr.			
	To Debtors A/c				
	(Amount not received from debtors)				

--	--	--	--	--

Example: On 19-01-2013, a business received Rs 5,500 (50% of the amount due) from Dinesh due to his insolvency. The cheque was deposited into the bank on the same day. This transaction shall be recorded in the Cash Book and Journal Proper as under:

Cash Book (Double Column – Cash and Bank)									
Dr.	RECEIPTS				PAYMENTS				Cr.
Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)	Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)
2013					2013				
Jan 19	Dinesh			5,500					

The entry for recording discount received earlier shall be made in the Journal Proper as under.

Journal					
Date	Particulars		L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Bad Debts A/c	Dr.		5,500	
	To Dinesh				5,500
	(50% is not received from Dinesh due to his insolvency)				

18. Loan Taken

Loan taken from bank or any financial institutions should be recorded on the debit side of the Cash Book under the bank column.

Example: On 10-01-2013, a sum of Rs 50,000 was taken from ICICI .This transaction shall be recorded in the Cash Book as under.

[illegible]

19.

Bank Overdraft

It is an arrangement made with the bank under which a business can withdraw beyond its bank balance from the bank. This limit is decided by the bank according to the reputation and need of the client. The bank overdraft shall be on the credit side of the Cash Book under the bank balance .

Example: On 14-02-2013, a business issued a cheque of Rs 95,000 to Yuvraj, bank intimated that the business had exercised the overdraft facility and drawn Rs 50,000 in excess of the balance in Current Account. This transaction shall be recorded in the Cash Book as under.

[illegible]

Mar.01	Balance c/d			50,000					
				95,000					95,000
					Mar 01	Balance b/d			50,000

20. Sale through Credit / Debit Cards

Credit /Debit cards are now being issued by almost every bank in India. Banks issue such cards directly or with collaboration of some other agencies. For Example ICICI, HSBC, SBI etc. The sales made through credit cards are recorded by the seller with a brief description of goods and the customer along with the details of credit card. This is countersigned by the customer and then, deposited by the seller to his bank. The amount is then deposited into seller's account and debited to the bank account of the Credit Card Company. A commission is charged by the Credit Card company for each of such transaction which is directly debited from the Seller's Account.

(1) The sale is recorded as follows:

Journal					
Date	Particulars		L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Bank A/c	Dr.			
	To Sales A/c				
	(Total Credit card sales)				
	Commission A/c	Dr.			
	To Bank A/c				
	(Commission on credit card sales)				

The sale through Debit card is recorded in a similar manner as sale through cheque, here it is recorded as simple sale using bank account in the same way as a cheque. This alternate offers more benefits than simple cash or bank sale. For example, larger payments can be done using debit cards, can be used at ATM's etc.

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Imprest System of Cash Book and its Balancing

Objectives

After going through this lesson, you shall be able to understand the following concepts.

- Introduction to Petty Cash Book
 - Features of Petty Cash Book
 - Systems of Petty Cash Book – Imprest vs Non-Imprest
 - Types of Petty Cash Book and their Formats
 - Advantages of Petty Cash Book

Introduction to Petty Cash Book

Petty Cash Book is the book which records large number of small payments such as conveyance, cartage, postage, telegram and other expenses. These expenses occur very frequently in an organisation and it becomes very difficult for the main cashier to accommodate them in the main Cash Book. This is due to the fact that the main cash book will become very bulky and the main cashier will be overburdened because of petty cash transactions. Thus a petty cashier is appointed who is authorised to make payments of petty cash expenses and record them in Petty Cash Book.

Features of Petty Cash Book

- 1) Cash received from the main cashier is recorded on the left hand side column.
- 2) Payments of petty cash expenses are recorded on the right hand side in the respective column.
- 3) There can never be a credit balance in a petty cash book as the cash payments can never exceed the cash receipts.
- 4) The balance of such a cash book represents unspent cash in hand.
- 5) Both internal and external vouchers are used as a base for recording, In case, external vouchers are not available petty cashier may use duly authorised internal vouchers.
- 6) All the columns of the expenses are totaled from time to time and such periodic totals are posted to the respective debit side of the Expense Account.

Systems of Petty Cash Book – Imprest vs Non-Imprest

Imprest System

Under the imprest system the chief cashier makes the reimbursement of the amount spent by the petty cashier, this makes the closing balance of Petty Cash Book same as the opening balance. The amount that the main cashier hands over to the petty cashier is known as imprest or float. The features of Petty Cash Book are:

- 1) Estimation by Chief Cashier: The chief cashier estimates the total petty cash expenses for a fixed period.
- 2) Advances by Chief Cashier: Chief Cashier advances the estimated amount to the petty cashier in the beginning of the period.
- 3) Submission of Petty Cash Book by Petty Cashier: The petty cashier submits the supporting vouchers to chief cashier.
- 4) Examination of Petty Cash Book by Chief Cashier: After preparation of Petty Cash Book, the chief cashier examines the Petty Cash Book.
- 5) Availability of Same Amount of Petty Cash: The balance of Petty Cash Book is the same amount in the beginning of new period as that in the end.

Non-Imprest System of Petty Cash

Under Non-Imprest System, the chief cashier may hand over the cash to the petty cashier equal to/more than/less than the amount spent by petty cashier. Thus the closing balance may be or may not be same as the Opening Balance.

Types of Petty Cash Book and their Formats

There are two types of Petty Cash Books :

- (a) Simple Petty Cash Book
- (b) Analytical Petty Cash Book or Columnar Cash Book

Simple Petty Cash Book

Simple Petty Cash Book is identical with a Cash Book. Any cash which a petty cashier receives is recorded on the left hand side cash column (debit or receipts side) and any cash which he pays out is recorded on the right hand side (credit or payments side).

[illegible]

Analytical Petty Cash Book or Columnar Cash Book

An Analytical Petty Cash Book has two sides, left hand side is used for recording receipts of cash (this will be from the main cashier) and right hand side, which is used for recording payments. In the Analytical Petty Cash Book, a separate column is provided for recording a particular item of expenditure i.e. postage, stationery, travelling, advertisement etc. A column is also provided for sundries or miscellaneous expenses.

[illegible]

- 1) Saving of Chief Cashier's Time:** In case, the petty expenses are recorded in the petty cash book then the time of chief cashier is saved.
- 2) Reduction in Mistakes:** As the chief cashier regularly examines the cash book the chances of mistakes are reduced to minimum.
- 3) Low Probability of Fraud:** Defalcation of cash can be minimised since the petty cashier is not allowed to draw cash as and when he desires.
- 4) Specialisation in Work:** The chief accountant can obtain the benefits of specialisation as the transactions are recorded in two separate books. The main cash book and the Petty cash book.
- 5) Reduction in Petty Expenses:** Petty cash expenses are to be kept within the limits of imprest as the petty cashier can never spend an amount which is more than available petty cash.
- 6) Labour Cost in Posting of Transactions is saved manifold:** This saving takes place because of below mentioned two reasons:
 - (a) The number of accounts opened under the head petty expenses is limited.
 - (b) Periodically the balances of various accounts are to be transferred to their respective heads.

Date	Particulars	Rs
2013		
Feb 01	Chowkidar Wages	700
Feb 02	Pencils	150
Feb 08	Railways Freight on account of books	50
Feb 12	Postage Stamps	25
Feb 14	Telegrams	70
Feb 15	Sundry Expenses	57

[illegible]

	2013							
1,200	Feb 01	Cash A/c						
	Feb 01	Chowkidar Wages A/c		700		700		
	Feb 02	Pencils A/c		150	150			
	Feb 08	Railways Freight on account of books A/c		50				50
	Feb 12	Postage Stamps A/c		25			25	
	Feb 14	Telegrams A/c		70			70	
	Feb 15	Sundry Expenses A/c		57				57
		Total Payment		1,052	150	700	95	50
	Feb 28	Balance c/d		148				
1,200		Grand Total		1,200				
148	Mar 01	Balance b/d						
1,052	Mar 01	Cash A/c						

Example-2: From the following particulars, prepare Petty Cash Book on imprest system of XYZ Ltd

Date	Particulars	Rs
2013		
Jun 01	Opening Balance (on Imprest System)	150
Jun 02	Paid for stamps	30
Jun 03	Paid cleaners wages	20
Jun 04	Paid for fare	21
Jun 05	Paid for office tea	20

	Jun 05	Paid for office tea		20			20			
	Jun 06	Paid for repair of cycle		15						15
	Jun 07	Paid for advertisement		35						35
141	Jun 08	Drew imprest from head cashier								
	Jun 09	Paid for cartage		25				25		
	Jun 10	Paid for travelling Expenses		30		30				
	Jun 11	Paid for telegram sent		35	35					
	Jun 12	Paid for entertainment to salesman		25			25			
	Jun 13	Paid for repairs of cycle		9						9
	Jun 14	Paid for printing bill		15					15	
	Jun 15	Paid for stationery		9					9	
	Jun 15	Balance c/d		2						
		Total Payment		289	65	51	45	25	24	79
2	Jun 16	Balance b/d								
148	Jun	Cash From								

	16	Head Cashier								

Example 3: **(GST)** Prepare an Analytical Petty Cash Book on the imprest system from the following information:

Date 2018	Particulars	Amount (₹)
Jan. 1	Received for Petty Cash	8,000
Jan. 1	Paid for Stationery Rs.200 plus CGST and SGST @6% each	-----
Jan. 2	Paid cartage	150
Jan. 8	Paid Bus fare	120
Jan.12	Paid for conveyance charges	700
Jan. 18	Paid for refreshment to customers	50
Jan. 22	Paid electricity bill	340
Jan. 30	Paid for speed post to Lucknow	40
Jan. 31	Paid Bus fare	80

Solution:

Receipts Amount (₹)	Date 2018	Voucher No.	Particulars	Total Payment Amount (₹)	Stationery Amount (₹)	Cartage An
8,000	Jan.1	1	To Cash A/c	-----		
	Jan.1	1	By Stationery A/c	200	200	
	Jan.1	1	By Input CGST A/c	12		
	Jan.1	1	By Input SGST A/c	12		
	Jan.2	2	By Cartage A/c	150		150
	Jan.8	3	By Conveyance A/c	120		
	Jan.12	4	By			

			Conveyance A/c	700		
	Jan.18	5	By Sundries A/c	50		
	Jan.22	6	By Electricity Bill A/c	340		
	Jan.30	7	By Postage A/c	40		
	Jan.31	8	By Conveyance A/c	80		
				1,704	200	150
	Jan.31		By Balance c/d	6,296		
8,000				8,000		
6,296	Feb.1		To Balance b/d			
1,704	Feb.1		To Cash A/c			

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Comprehensive Examples

Introduction

In the given lesson, we will try our hand on the comprehensive examples relating to cash book. Sufficient practice will give us an expert level understanding of the given chapter.

Example-1: Record the following items in a Three Column Cash Book of Krishna and Ram.

Date	Transactions	Amount (Rs)
2013		
Jan 01	Cash in hand	500
Jan 01	Cash at Bank	300
Jan 03	Paid Salaries in Cash	200
Jan 04	Paid Singhal & Co. by a crossed cheque in full settlement of their claim of Rs 255	250

Jan 05	A cheque is received from Raman & Mahesh	450
Jan 06	Bought goods for cash	50
Jan 07	Cash sent to bank	150
Jan 08	Paid Krishna & Co. by cheque (discount allowed 5)	55
Jan 09	Received from Ram Bros. in coins and notes	155
Jan 11	Received from Sharma & Co. a crossed cheque (discount allowed 10)	150
Jan 12	Drawn from bank	175
Jan 14	Paid wages	255
Jan 14	Cheque from Sharma & Co. returned dishonoured and bank debits account in respect of charges	5
Jan 14	Interest collected by bank	40
Jan 14	Goods sold to Mr. Ankit for Cash	90
Jan 15	Bought goods from Milkha Singh on credit	25

Solution

[illegible]

2013						2013					
Jan 01	Balance b/d			500	300	Jan 03	Salaries A/c			200	
Jan 05	Raman & Mahesh				450	Jan 04	Singhal & Co. A/c		5		250
Jan 07	Cash A/c	C			150	Jan 06	Purchases A/c			50	
Jan 09	Ram Bros.			155		Jan 07	Bank A/c	C		150	
Jan 11	Sharma & Co. A/c		10		150	Jan 08	Krishna & Co. A/c		5		55
Jan 12	Bank A/c	C		175		Jan 12	Cash A/c	C			175
Jan 14	Interest A/c				40	Jan 14	Wages A/c			255	
Jan 14	Cash Sales			90		Jan 14	Sharma & Co.				155
						Jan 31	Balance c/d			265	455
			10	920	1090				10	920	1090
Apr 01	Balance b/d			265	455						

Note: Goods bought on credit from Milkha Singh on credit will appear in Purchases Book and not in the Cash Book.

Example-2: Record the following items in a Three Column Cash Book of Chandamita and also prepare Journal Proper.

Date	Transactions	Amount (Rs)
2013		
Mar 01	Chandamita commences business with Cash	21,00,000
Mar 03	She paid into Bank current A/c	17,00,000
Mar 04	She receives a cheque from Kunal & Co. on account	50,000

Mar 07	She pays into bank Kunal & Co.'s Cheque	50,000
Mar 10	She pays Rajat & Co by cheque and received discount Rs 4,000	34,000
Mar 12	Lalit & Co. has paid into her bank A/c	48,000
Mar 15	She receives cheque from Javed and allows him discount Rs 5,000	44,000
Mar 20	She receives cash Rs 8000 and Cheque Rs 11,000 for cash sales	
Mar 25	She pays into bank, including cheques received on 15 and 20 march	95,000
Mar 28	Cheque received from Javed was dishonoured	
Mar 31	She draws a Cheque for office use	45,000

Solution

Cash Book											
Dr.						Cr.					
Date	Particulars	L.F.	Discount Allowed (Rs)	Cash (Rs)	Bank (Rs)	Date	Particulars	L.F.	Discount Received (Rs)	Cash (Rs)	Bank (Rs)
2013						2013					
Mar 01	Balance b/d			21,00,000		Mar 03	Bank A/c	C		17,00,000	
Mar 03	Cash A/c	C			17,00,000	Mar 10	Rajat & Co.		4,000		34,000
Mar 07	Cheques-in-Hand A/c				50,000	Mar 25	Bank A/c	C		40,000	
Mar 12	Lalit & Co.				48,000	Mar 28	Javed				44,000
Mar 20	Sales A/c			8,000		Mar 31	Cash A/c	C			45,000
Mar	Cash A/c	C			40,000						

25											
Mar 25	Cheques in Hand A/c				55,000						
Mar 31	Bank A/c	C		45,000							
						Mar 01	Balance c/d			4,13,000	17,70,000
				21,53,000	18,93,000				4,000	21,53,000	18,93,000
Apr 01	Balance b/d			4,13,000	17,70,000						

Journal					
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)	
2013					
Mar 04	Cheques in Hand A/c	Dr.	50,000		
	To Kunal & Co.			50,000	
	(Cheque received not yet deposited)				
Mar 15	Cheques in hand A/c	Dr.	44,000		
	Discount Allowed	Dr.	5,000		
	To Javed A/c			49,000	
	(Cheque recived and discount allowed)				

Mar 20	Cheques in Hand A/c	Dr.		11,000	
	To Sales A/c				11,000
	(Cheque received against cash sales)				
Mar 28	Javed A/c	Dr.		5,000	
	To Discount Allowed A/c				5,000
	(Cash discount reversed on dishonour)				

Example-3: Record the following items in a Three Column Cash Book of Divya and also prepare Journal Proper.

Date	Transactions
2013	
Aug 01	Cash in hand Rs 1,500; Overdraft at bank Rs 20,000
Aug 03	Further a capital of Rs 30,000 was introduced out of which Rs 21,000 were deposited in bank
Aug 04	Purchased goods from Ram & sons amounting to Rs 3,500, a cash discount of Rs 500 was received and the amount was paid by Cheque
Aug 06	Received cheque from Deepak Rs 2,500 Allowed him a discount of Rs 100
Aug 10	Cheque received from Deepak deposited in bank
Aug 16	An amount of Rs 1500 due from Aman Bros written off as bad debts in the previous year, now recovered.

Aug 19	Received Cheque of Rs 1,500 from Megha, which was endorsed to Namrata on 24 Aug
Aug 20	Sale of old furniture, payment received in cash for Rs 800
Aug 25	Cashed a cheque of Rs 4,000
Aug 28	Hitesh who owed Rs 500 to the business became bankrupt and paid 50 paise in a Rupee
Aug 30	Deposited with bank the entire balance after retaining Rs 2,500 at office

Solution

Cash Book											
Dr.											Cr.
Date	Particulars	L.F.	Discount Allowed (Rs)	Cash (Rs)	Bank (Rs)	Date	Particulars	L.F.	Discount Received (Rs)	Cash (Rs)	Bank (Rs)
2013						2013					
Aug 01	Balance b/d			1,500		Aug 01	Balance b/d				20,000
Aug 03	Capital A/c			9,000	21,000	Aug 04	Purchases A/c (Rs 3,500-Rs500)		500		3,000
Aug 10	Cheques -in-Hand A/c				2,500	Aug 25	Cash A/c	C			4,000
Aug 16	Bad-debts Recovered A/c			1,500		Aug 30	Bank A/c	C		14,550	
Aug 20	Furniture A/c			800		Aug 30	Balance c/d			2,500	11,050
Aug	Bank A/c	C		4,000							

25											
Aug 28	Hitesh			250							
Aug 30	Cash A/c	C			14,550						
				17,050	38,050					17,050	38,050
Apr 01	Balance b/d			2,500	11,050						

Journal					
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)	
2013					
Aug 06	Cheques in Hand A/c	Dr.	2,500		
	Discount Allowed A/c		100		
	To Deepak			2,600	
	(Cheque received not yet deposited)				
Aug 19	Cheque in Hand A/c	Dr.	1,500		
	To Megha			1,500	
	(Cheque received against cash sales)				

Aug 24	Namrata	Dr.		1,500	
	To Cheque in Hand A/c				1,500
	(Cash discount reversed on dishonor)				

Example-4:

Record the following items in a Two Column Cash Book (Cash & Bank Column) of Daman.

Date	Transactions
2013	
Nov 01	Cash in hand Rs 40,000 and Bank Rs 56,000
Nov 03	Received cash Rs 4,500 and a Cheque of Rs 3,500 from M/s P.R. Bros and allowed a discount of Rs 450
Nov 09	Cash Rs 3,000 paid to S. Chand and received 5% discount from him
Nov 13	Cash withdrew from bank for office use Rs 2,500
Nov 18	Received a cheque from Sehdev Rs 3,000
Nov 21	Endorsed Sehdev's Cheque to Pranav in full settlement of his account of Rs 3,100
Nov 23	D. Bose account of Rs 3000 was settled in cash and a discount of 5% was received
Nov 25	Issued a cheque of Rs 3,500 to Mr. Verma and received discount Rs 250
Nov 27	Dividend collected by bank Rs 750
Nov 28	Paid for advertisement Rs 1000
Nov 31	Banked all cash, keeping a balance of Rs 25,000 in hand

Solution

Cash Book									
Dr.									Cr.
Date	Particulars	L.F.	Cash (Rs)	Bank (Rs)	Date	Particulars.	L.F.	Cash (Rs)	Bank (Rs)
2013					2013				
Nov 01	Balance b/d		40,000	56,000	Nov 09	S.Chand		3,000	
Nov 03	M/s P.R. Bros A/c		4,500	3,500	Nov 13	Cash A/c	C		2,500
Nov 13	Bank A/c	C	2,500						
					Nov 23	D.Bose		2,850	
Nov 27	Dividend A/c			750	Nov 25	Verma			3,500
Nov 31	Cash A/c	C		15,150	Nov 28	Advertisement A/c		1,000	
					Nov 31	Bank A/c	C	15,150	
					Nov 31	Balance c/d		25,000	69,400
			47,000	75,400				47,000	75,400
2013									
Dec 01	Balance b/d		25,000	69,400					

Note: Cheque is received from Sehdev is treated as cheques-in-hand and when it is endorsed to Pranav then Pranav A/c and Discount Allowed A/c is debited and Cheques-in-hand A/c is credited. So, this transaction will not be shown in Cash Book.

Example-5: Record the following items in a Two Column (Cash & Bank Column) Cash Book of Rachit.

Date	Transactions	Amount (Rs)
2013		
Jun 01	Cash in Hand	1,00,000
	Bank Overdraft	25,000
Jun 04	Received a cheque from Charlie on account	4,500
	Allowed discount	300
Jun 05	Charlie's cheque was deposited into the bank	
Jun 10	Interest paid	29,600
Jun 12	Withdrew from Bank	19,000
Jun 15	Paid to Swati & co. Rs 5,900 in full settlement of their dues of Rs 6,000 by cheque	
Jun 18	Cheque in favour of Swati & co. returned dishonoured due to mismatch of signatures. Issued a fresh cheque in their favour, bank charged Rs 500 for dishonour of cheque	
Jun 22	Outstanding interest is paid	1,900
Jun 24	Outstanding Salaries paid	3,500
Jun 25	Issued a cheque for Petty cash	500
Jun 28	Paid to V. Rathore by cheque	2,400
	Discount Received	600
Jun 31	Interest received	1,900

Solution

Cash Book

[illegible]

*** The cheque received from Charlie and deposited next day has been recorded using alternative treatment discussed in Lesson 4.**

Example-6: Prepare Cash Book from the following transactions of M/s ACL tech for the month of September 2013 and post them in the related ledger accounts.

Date	Transactions	Amount (Rs)
2013		
Sep 01	Cash in Hand	19,000
	Bank Overdraft	10,500
Sep 04	Wages paid	1,500
Sep 05	Cash sales	14,000
Sep 07	Purchased goods from Rohit for Rs 13,500 paid by cheque in full settlement	13,000
Sep 09	Purchased Laptop for cash	11,000
Sep 10	Cash paid to Nidhi, discount received Rs 500	6,000
Sep 11	Cheque issued to Rohit was dishonoured	
Sep 13	Cash sales	5,000
Sep 16	Bank charged interest on overdraft	450
Sep 18	Deposited in bank	7,500
Sep 20	Paid telephone bill by cheque	550
Sep 25	Sold goods of Rs 24,500 to Vikram and received cheque in full settlement (Deposited on the same day)	24,000
Sep 27	Paid Rent	750
Sep 29	Drew cash for personnel use	1,500
Sep 30	Paid salary	1,000

Sep 30	Interest collected by bank	3,000

Solution

[illegible]

			500	38,000	47,500				1,000	38,000	47,500
Apr 01	Balance b/d										

Discount allowed by Rohit will be reversed by passing the following Journal Entry.

Journal					
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)	
2013					
Sep 11	Discount Received A/c	Dr.	500		
	To Rohit A/c			500	
	(Discount received reversed on dishonour of cheque)				

LEDGERS

Wages Account					
Dr.			Cr.		
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2013			2013		
Sep 04	Cash A/c	1,500			

Sales Account					
Dr.			Cr.		
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2013			2013		
			Sep 05	Cash A/c	14,000
			Sep 13	Cash A/c	5,000

Rohit					
Dr.			Cr.		
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2013			2013		
Sep 07	Bank A/c	13,000	Sep 11	Bank	13,000
Sep 07	Discount received	500		Discount Allowed	500

Vikram					
Dr.			Cr.		

Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2013			2013		
			Sep 25	Bank A/c	24,000
			Sep 25	Discount Allowed A/c	500

Laptop Account					
Dr.			Cr.		
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2013			2013		
Sep 09	Cash A/c	11,000			

Nidhi					
Dr.			Cr.		
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2013			2013		
Sep 10	Cash A/c	6,000			

Sep 10	Discount Received	500			

Interest Account					
Dr.			Cr.		
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2013			2013		
Sep 16	Bank A/c	450			

Telephone Expenses Account					
Dr.			Cr.		
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2013			2013		
Sep 20	Bank A/c	550			

Rent Account	

Dr.			Cr.		
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2013			2013		
Sep 27	Cash A/c	750			

Drawings Account					
Dr.			Cr.		
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2013			2013		
Sep 29	Cash A/c	1,500			

Salary Account					
Dr.			Cr.		
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2013			2013		
Sep 30	Cash A/c	1,000			

Discount Allowed Account					
Dr.			Cr.		
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2013			2013		
Sep 25	Cash Book	500			

Interest Received Account					
Dr.			Cr.		
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2013			2013		
			Sep 30	Bank A/c	3,000

Discount Received Account					
Dr.			Cr.		

Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2013			2013		
Sep 11	Rohit	500	Sep 07	Cash Book	500

Example-7: From the following particulars, Prepare a Petty Cash Book for the month of July 2013.

Date	Transactions	Voucher No.	Amount (Rs)
2013			
Jul 01	Drew cash for petty Cash		5,000
Jul 02	Paid for postage	101	250
Jul 03	Paid telephone bill	102	300
Jul 05	Paid cartage	103	450
Jul 09	Paid taxi fare	104	500
Jul 10	Paid sundries	105	150
Jul 12	Paid bus fare	106	75
Jul 15	Stationery purchased for office use	107	95
Jul 17	Paid for milk and sugar for office tea	108	250
Jul 18	Paid to window cleaner	109	575
Jul 19	Paid auto fare	110	1,000
Jul 20	Paid for postage	111	25

Jul 22	Paid for sundries	112	150
Jul 25	Paid to sweeper	113	175
Jul 26	Paid cartage	114	220
Jul 28	Paid for stationery	115	190
Jul 30	Paid taxi fare	116	145

We have to maintain an imprest of Rs 5,000, show what amount the petty cashier would be entitled to draw in the beginning of the next month.

Solution

Petty Cash Book					
Receipts (Rs)	C.B. Folio	Date	Particulars	V. No	Amount (Rs)
		2013			
5000		Jul 01	Bank A/c		
		Jul 02	Postage A/c	101	250
		Jul 03	Telephone A/c	102	300
		Jul 05	Cartage A/c	103	450
		Jul 09	Travelling Exp A/c	104	500
		Jul 10	Sundry Expense A/c	105	150
		Jul 12	Travelling Exp A/c	106	75
		Jul 15	Stationery A/c	107	95
		Jul 17	Office Exp A/c	108	250
		Jul 18	Miscellaneous Exp A/c	109	575

		Jul 19	Travelling Exp A/c	110	1,000
		Jul 20	Postage A/c	111	25
		Jul 22	Sundry Expense A/c	112	150
		Jul 25	Miscellaneous Exp A/c	113	175
		Jul 26	Cartage A/c	114	220
		Jul 28	Stationery A/c	115	190
		Jul 30	Travelling Exp A/c	116	145
		Jul 30	Balance c/d		450
5,000					5,000
450		Aug 01	Balance b/d		
4,550		Aug 01	Bank A/c		

Example-8: Using Example 10, prepare Analytical Cash Book.

Solution

Analytical Cash Book											
Cash Receipts	Date	Particulars	V No.	Total Amount Paid	Postage Telegram	Traveling Expense	Telephone	Sundries	Office Expense	Cartage	Printing Stationery
	2013										
5,000	Jul 01	Bank									
	Jul 02	Postage A/c	101	250	250						
	Jul 03	Telephone A/c	102	300			300				

[illegible]

450	July 01	Balance b/d									
4,550	July 01	Cash From Head Cashier									

Example-9: Prepare Petty Cash Book for Orange Ltd. if the books are maintained on imprest system.

Date	Transactions	Voucher No.	Amount (Rs)
2013			
Jan 01	Cash received from Head office		2500
Jan 02	Revenue stamps purchased	1	75
Jan 02	Conveyance paid	2	80
Jan 04	Paid for snacks in office	3	90
Jan 04	Cartage paid	4	100
Jan 04	Stationery purchased	5	250
Jan 06	Taxi fair paid	6	85
Jan 06	Telegram charges	7	15
Jan 06	Stamps purchased	8	75
Jan 06	Drawing board purchased	9	95
Jan 20	General expenses	10	220
Jan 20	Travelling expenses paid	11	110
Jan 20	Advance given to watchman	12	175
Jan 30	Tea and coffee expenses	13	195

Jan 31	Cartage paid	14	200

Solution

Petty Cash Book										
Cash Receipts	Date	Particulars	V No.	Total Amount Paid	Postage Telegram	Conveyance	Refreshment	Cartage	Printing & Stationery	Misc Item
	2013									
2,500	Jan 01	Cash Received								
	Jan 02	Stamps	1	75	75					
	Jan 02	Conveyance	2	80		80				
	Jan 04	Snacks	3	90			90			
	Jan 04	Cartage	4	100				100		
	Jan 04	Stationery	5	250					250	
	Jan 06	Taxi fare	6	85		85				
	Jan 06	Telegram	7	15	15					
	Jan 06	Stamps	8	75	75					
	Jan 06	Drawing Board	9	95					95	
	Jan 20	Genral Expenses	10	220						220
	Jan	Travelling	11	110		110				

	20	Expenses								
	Jan 20	Advance to watchman	12	175						175
	Jan 30	Refreshment	13	195			195			
	Jan 31	Cartage	14	200				200		
	Jan 31	Balance c/d		735						
		Total Payment		2,500	165	275	285	300	345	395
735	Jun 16	Balance b/d								
1,765	Jun 16	Cash From Head Cashier								

Example-10: Prepare Petty Cash Book for MN Ltd. if the books are maintained on imprest system. The imprest amount is Rs 1500

Date	Transactions	Voucher No.	Amount (Rs)
2013			
May 01	Cartage paid	1	45
May 02	STD charges	2	75
May 03	Bus fair	3	65
May 04	Postage	4	30
May 06	Refreshment for employees	5	15
May 08	Courier charges	6	25
May 10	Cartage	7	80

May 15	Taxi fair to manager	8	95
May 18	Stationery	9	90
May 20	Bus fair	10	80
May 22	Fax charges	11	75
May 25	Telegram charges	12	35
May 27	Postage stamp	13	25
May 29	Repair to furniture	14	125

Solution

Petty Cash Book										
Cash Receipts	Date	Particulars	V No.	Total Amount Paid	Postage Telegram	Conveyance	Telephone	Refreshment	Cartage	Printing & Stationery
	2013									
1500	May 01	Cash Received from head cashier								
	May 01	Cartage paid	1	45					45	
	May 02	STD charges	2	75			75			
	May 03	Bus fair	3	65		65				
	May 04	Postage	4	30	30					
	May 06	Refreshment for employees	5	15				15		

	May 08	Courier charges	6	25	25						
	May 10	Cartage	7	80					80		
	May 15	Taxi fair to manager	8	95		95					
	May 18	Stationery	9	90						90	
	May 20	Bus fair	10	80		80					
	May 22	Fax charges	11	75			75				
	May 25	Telegram charges	12	35	35						
	May 27	Postage stamp	13	25	25						
	May 29	Repair to furniture	14	125							1
	May 30	Balance c/d		640							
		Total Payment			115	240	150	15	125	90	1
640		Balance b/d									
860		Cash From Head Cashier									

Example-11: Prepare a Two Column Cash Book from the following transactions of B.S. Goyal.

Date	Transactions	Amount (Rs)
------	--------------	-------------

2013		
Mar 01	Cash in hand	5,500
Mar 06	Purchases made in cash	2,000
Mar 10	Wages paid	50
Mar 11	Cash sales	6,500
Mar 12	Cash received from Aman and allowed him discount of Rs 50	1,750
Mar 19	Cash paid to Raman and discount received from him Rs 75	2225
Mar 27	Cash paid to Lakshman	500
Mar 28	Purchase of goods in cash	2500

Solution

Cash Book									
Dr.	RECEIPTS				PAYMENTS				Cr.
Date	Particulars	L.F.	Discount Allowed (Rs)	Amount (Rs)	Date	Particulars	L.F.	Discount Received (Rs)	Amount (Rs)
2013					2013				
Mar 01	Balance b/d			5,500	Mar 06	Purchases A/c			2,000
Mar 11	Sales A/c			6,500	Mar 10	Wages A/c			50
Mar 12	Aman		50	1,750	Mar 19	Raman		75	2,225
					Mar 27	Lakshman			500
					Mar 28	Purchases A/c			2,500

					Mar 31	Balance c/d			6,475
			50	13,750				75	13,750
2013									
Apr.01	Balance b/d			6,475					

Example-12: Prepare a Two Column Cash Book from the following transactions of Mr. Sehgal.

Date	Transactions	Amount (Rs)
2013		
Jul 01	Mr. Sehgal started business with cash	7,500
Jul 03	Cash purchases	700
Jul 04	Paid to Mr. Kamal, discount allowed Rs 10	100
Jul 06	Deposited in bank	4500
Jul 09	Cash sales	3500
Jul 12	Wages paid	100
Jul 13	Paid for Stationery	50
Jul 15	Cash Sales	3000
Jul 17	Miscellaneous Expenses	55
Jul 19	Received cash from Tilak Kumar and discount allowed to him Rs 20	450
Jul 21	TV Purchased for personal use	300
Jul 22	Salary paid	450

Jul 25	Rent Paid	95
Jul 28	Electricity Bill paid	100
Jul 29	Advertising Expense paid	45
Jul 31	Payment into bank	2,000

Solution

Cash Book									
Dr.	RECEIPTS				PAYMENTS				Cr.
Date	Particulars	L.F.	Discount Allowed (Rs)	Amount (Rs)	Date	Particulars	L.F.	Discount Received (Rs)	Amount (Rs)
2013					2013				
Jul 01	Balance b/d			7,500	Jul 03	Purchases A/c			700
Jul 09	Sales A/c			3,500	Jul 04	Kamal		10	100
Jul 15	Sales A/c			3,000	Jul 06	Bank A/c			4,500
Jul 19	Tilak kumar		20	450	Jul 12	Wages A/c			100
					Jul 13	Stationery A/c			50
					Jul 17	Misc exp. A/c			55
					Jul 21	Drawings A/c			300
					Jul 22	Salaries A/c			450
					Jul 25	Rent A/c			95
					Jul 28	Electricity Bill A/c			100
					Jul 29	Advertisement A/c			45
					Jul 31	Bank A/c			2,000

[illegible]