

7

CASH BOOK

MODULE - II

*Journal and Other
Subsidiary Books*

Notes

In the preceding lesson you have already learnt that business transactions are recorded in Journal. In the case of a small business concern, where the number of business transactions are less, the work relating to Journalizing of all business transactions is easy. As the business grows, the number of business transactions increase and recording all the transactions only in the Journal becomes very inconvenient and cumbersome. It needs to be divided into many books. There are various kinds of journals that are maintained where the transactions are recorded according to their nature, such as Cash Book for cash transactions, Sales Book for credit sales of goods; Purchase Book for credit purchases of goods and so on. In this lesson you will learn about Cash Book, its meaning and preparation.

**OBJECTIVES**

After studying this lesson, you will be able to:

- understand the meaning of Cash Book;
- enumerate the types of Cash Books;
- state the meaning of and prepare a Simple Cash Book;
- state the meaning and prepare a Cash Book with Bank Column and
- describe the meaning of Petty Cash Book and its preparation.

7.1 MEANING OF CASH BOOK

Suppose you received your first salary in cash from your employer. Also you got back some money that you had given to your friend as loan. You spent this money in buying mobile phone and clothes and went to see movie with your friends. You purchased some toys for your nephew. As per habit you noted down all receipts and payments in your note book. At the end of the month, you may wish to calculate the balance of cash in the note book and compared it with the actual cash balance with you. You may maintain a separate book to record these items of receipts and payments. Such a book will be known as Cash Book.



MODULE - II

Journal and Other Subsidiary Books



Notes

Cash Book

Cash Book is a book of account maintained for recording transactions involving receipt and payment of cash. It is also one of the books of original entry. When a cash book is maintained, cash transactions are not recorded in the Journal, and no cash or bank account is required to be maintained in the ledger as Cash Book serves the purpose of Cash Account also.

7.2 CASH BOOK: TYPES AND PREPARATION

Cash Books are of the following types:

- Simple Cash Book.
- Bank Column Cash Book.
- Petty Cash Book.

Simple Cash Book

This records only cash receipts and cash payments. It has two sides, namely debit and credit. Cash receipts are recorded on the debit side i.e. left hand side and cash payments are recorded on the credit side i.e. right hand side. In a simple cash book there is only one amount column each on its debit side and on the credit side. The format of a Simple Cash Book is as under:

Format of a Simple Cash Book

Dr.					Cr.				
Receipts					Payments				
Date	Particulars	V. No.	L.F.	Amount (₹)	Date	Particulars	V. No.	L.F.	Amount (₹)

Column-wise explanation is as follows:

Date

In this column Year, Month and Date of transactions are recorded in chronological order.

Particulars

The name of the account under which cash has been received or payment has been made is written. Account pertaining to the receipts of cash is recorded on the debit side and those pertaining to cash payments on the credit side.

Voucher No. (V. No.)

The document supporting a transaction is called a voucher. Generally, a voucher has a serial number which is written in this column.

Cash Book

Ledger Folio

In this column is recorded the page number of the ledger book on which relevant entry is posted.

Amount

Amount column on debit side records cash received where as, amount column on credit side records cash payments.

Steps in Preparation of Simple Cash Book

- i. On the debit side in the particulars column, the name of the account, form which cash is received, is recorded.
- ii. On the credit side, in the particulars column the name of account for which cash is paid, is recorded.
- iii. In the amount column of debit side the amount of cash received is recorded and in the amount column of credit side the amount of cash paid is recorded.
- iv. At the end of the period, the total of the debit side of the cash book is compared with the total of the credit side and the difference if any, is entered on the credit side of the cash book under the particulars column as balance c/d.
- v. In case of Simple Cash Book, the total of debit side is generally more than the total of the credit side, since the payment can never exceed the available cash. The difference is written in the amount column and total of both the sides of cash book becomes equal.
- vi. The closing balance of the credit side if any becomes the opening balance for the next period and is written as Balance b/d on the Debit side of the Cash Book for the next period.

Illustration 1

Enter the following transactions in the cash book of M/s Ashok Traders:

Date	Details	Amount
2011		₹
Dec. 01	Cash in Hand	30,000
Dec. 05	Cash received from Tanvi	12,000
Dec. 08	Insurance Premium Paid	2,500
Dec. 10	Furniture Purchased	7,000
Dec. 14	Sold Goods for cash	16,500
Dec. 18	Purchased Goods from Mithun for cash	26,000
Dec. 22	Cash paid to Yash	3,200
Dec. 25	Sold Goods to Vineet for cash	18,700
Dec. 28	Cash Deposited into Bank	6,000
Dec. 30	Rent paid	4,000
Dec. 31	Salary paid	7,000

MODULE - II

Journal and Other Subsidiary Books



Notes

MODULE - II

Journal and Other Subsidiary Books



Notes

Cash Book

Solution

Dr. Cash Book of M/s Ashok Traders Cr.

Receipts					Payments				
Date	Particulars	V. No.	L.F.	Amount (₹)	Date	Particulars	V. No.	L.F.	Amount (₹)
2011					2011				
Dec.01	Balance b/d			30,000	Dec. 08	Insurance			
Dec.05	Tanvi			12,000		Premium A/c			2,500
Dec.14	Sales A/c			16,500	Dec. 10	Furniture A/c			7,000
Dec.25	Sales A/c			18,700	Dec. 18	Purchases A/c			26,000
					Dec. 22	Yash			3,200
					Dec. 28	Bank A/c			6,000
					Dec. 30	Rent A/c			4,000
					Dec. 31	Salary A/c			7,000
					Dec. 31	Balance c/d			21,500
				77,200					77,200
2012									
Jan. 01	Balance b/d			21,500					

Illustration 2

Record the following transactions in a Simple Cash Book of M/s Suresh & Co.

Date	Details	Amount (₹)
2012		
Jan. 01	Cash in Hand	22,000
Jan. 05	Received from Ramesh (after allowing a discount ₹ 200)	3,000
Jan. 07	Paid Rent	300
Jan. 08	Sold Goods	3,000
Jan. 10	Paid Sanjay	7,000
Jan. 27	Purchased Furniture	2,000
Jan. 31	Paid Salaries	1,000

Solution

Dr. Cash Book of M/s Suresh & Co. Cr.

Receipts					Payments				
Date	Particulars	V. No.	L.F.	Amount (₹)	Date	Particulars	V. No.	L.F.	Amount (₹)
2012					2012				
Jan.01	Balance b/d			22,000	Jan. 07	Rent A/c			300
Jan.05	Ramesh			3,000	Jan. 10	Sanjay			7,000
Jan.08	Sales A/c			3,000	Jan. 27	Furniture A/c			2,000
					Jan. 31	Salary			1,000
					Jan. 31	Balance c/d			17,700
				28,000					28,000
Feb.01	Balance b/d			17,700					

Note : Jan. 05 entry of discount will not be shown in Cash Book but it will be shown separately in journal proper.

Cash Book

Illustration 3

Record the following in the Cash Book of Ranveet and show the balance:

Date	Details	Amount
2012		(₹)
Oct. 01	Balance of cash in hand	25,000
Oct.08	Purchased goods for cash from X	3,200
Oct. 15	Sold goods to Y	4,800
Oct. 20	Received commission	650
Oct. 20	Paid commission	550
Oct. 28	Paid to Suresh on account	7,150
Oct. 31	Paid salary to the office clerk ₹1,000 and office rent ₹ 600	

Solution

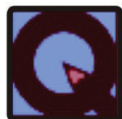
Cash Books of Ravneet

Dr.

Cr.

Receipts					Payments				
Date	Particulars	V. No.	L.F.	Amount (₹)	Date	Particulars	V. No.	L.F.	Amount (₹)
Oct. 1	Balance b/d			25,000	Oct. 8	Purchases A/c			3,200
Oct.20	Commission A/c			650	Oct. 20	Commission A/c			550
					Oct. 28	Suresh			7,150
					Oct. 31	Salary A/c			1,000
					Oct. 31	Office Rent A/c			600
					Oct. 31	Balance c/d			13,150
				25,650					25,650
Nov.1	Balance b/d			13,150					

Note : Transaction dated Oct. 15 has not been recorded in the cash book because it is a credit transaction.



INTEXT QUESTIONS 7.1

Fill in the blanks :

- Simple cash book records only cash _____ and cash _____
- In a simple cash book all _____ are recorded in debit side and all _____ are recorded in credit side.
- The total of _____ side of the simple column cash book is generally more than the total of its _____ side.
- Closing balance of cash book becomes the _____ balance of next period.

MODULE - II

Journal and Other Subsidiary Books



Notes

MODULE - II

Journal and Other Subsidiary Books



Notes

Cash Book

Illustration 4

Prepare Cash Book of Kuldeep for the month of April 2011 from the following particulars :

Date	Details	Amount (₹)
2012		
Apr. 01	Cash in hand	17,600
Apr. 03	Purchased Goods for cash from Santosh	7,500
Apr. 06	Sold Goods to Rohit	6,000
Apr. 10	Wages paid in cash	500
Apr. 15	Cash paid to Naveen	3,500
Apr. 17	Cash sales	10,000
Apr. 19	Commission paid	700
Apr. 21	Cash received from Tanya	1,500
Apr. 25	Furniture Purchased for cash	1,700
Apr. 28	Rent paid	3,000
Apr. 30	Paid Electricity bill in cash	1,300

Solution

Cash Book of Kuldeep

Dr.					Cr.				
Receipts					Payments				
Date	Particulars	V. No.	L.F.	Amount (₹)	Date	Particulars	V. No.	L.F.	Amount (₹)
2012					2012				
Apr. 1	Balance b/d			17,600	Apr. 03	Purchases A/c			7,500
Apr. 17	Sales A/c			10,000	Apr. 10	Wages A/c			500
Apr. 21	Tanya			1,500	Apr. 15	Naveen			3,500
					Apr. 19	Commission A/c			700
					Apr. 25	Furniture A/c			1,700
					Apr. 28	Rent A/c			3,000
					Apr. 30	Elect. Bill A/c			1,300
					Apr. 30	Balance c/d			10,900
				29,100					29,100
May 01	Balance b/d			10,900					

Note: Credit transactions are not recorded in cash Book (i.e. a credit sales to Rohit ₹6000 on April 6, 2012).

Illustration 5

Naresh started a business with ₹20,000 on 1st April 2012. Out of this he deposited ₹15,000 into his Bank Account. His cash transactions during the week were:

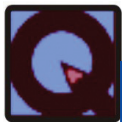
Cash Book

Date	Details	Amount
2012		(₹)
Apr.01	Purchased stationery for cash	100
Apr.01	Purchased goods for cash	2,500
Apr.02	Cash sales	1,500
Apr.03	Cash Received from Shiv on account	1,000
Apr.04	Paid to Ram	2,200
Apr.05	Paid for advertisement	400
Apr.06	Cash sales	1,800
Apr.06	Purchased old machinery for cash	800

Solution

Cash Book of Naresh

Dr.					Cr.				
Receipts					Payments				
Date	Particulars	V. No.	L.F.	Amount (₹)	Date	Particulars	V. No.	L.F.	Amount (₹)
Apr. 01	Capital A/c			20,000	Apr. 01	Bank A/c			15,000
Apr. 02	Sales A/c			1,500	Apr. 01	Stationery A/c			100
Apr. 03	Shiv			1,000	Apr. 01	Purchases A/c			2,500
Apr. 06	Sales A/c			1,800	Apr. 04	Ram			2,200
					Apr. 05	Advertisement A/c			400
					Apr. 06	Machinery A/c			800
					Apr. 06	Balance c/d			3,300
				24,300					24,300
Apr. 07	Balance b/d			3,300					



INTEXT QUESTIONS 7.2

I. Multiple Choice Questions

- Simple Cash Book generally shows :
 - Debit or Credit balances
 - Credit balance
 - Debit balance
 - Both the balances
- Cash book is a :
 - Subsidiary journal
 - Subsidiary journal and ledger
 - Ledger only
 - None of these
- Cash sales are recorded in :
 - Sales book
 - Cash book
 - Journal
 - None of these
- The Cash Book records :
 - All cash receipts & payment
 - Cash and credit sales of goods
 - Only cash receipts
 - None of these

MODULE - II

Journal and Other Subsidiary Books



Notes

MODULE - II

Journal and Other Subsidiary Books



Notes

Cash Book

- v. The balance in the Cash Book is :
a) An expense b) A profit c) An asset d) A liability
- vi. If Sonu has sold goods for cash, the entry will be recorded :
a) In the Cash Book b) In the Sales Book
c) In the proper Journal d) None of the above
- vii. Cash Book is a part of :
a) Journal b) Ledger
c) both Journal & Ledger d) None of the above

II. Some transactions are given below. On which side of the Cash Book would you record them? Put the tick mark in appropriate column.

S.No.	Transactions	Debit Side	Credit Side
(i)	Mukesh started business with cash		
(ii)	Goods purchased for cash		
(iii)	Goods sold for cash		
(iv)	Closing cash balance		
(v)	Cash received from Ankur		

7.3 BANK COLUMN CASH BOOK

When the number of bank transactions are large in an organization, it is necessary to have a separate book to record bank transactions. Instead of having a separate book to record Bank transactions, a Bank column is added on each side of the Simple Cash Book. This type of cash book is known as Bank column Cash Book. All payments into Bank are recorded on the debit side and all withdrawals / payments through the Bank are recorded on the credit side of the cash book. The format of a Bank column Cash Book is as under:

Format of a Bank Column Cash Book

Dr.					Cr.				
Receipts					Payments				
Date	Particulars	L.F.	Cash (₹)	Bank (₹)	Date	Particulars	L.F.	Cash (₹)	Bank (₹)

Accounting Technique

- i) **Payment in cash or by cheque :** Payment by cheque will be entered in the Bank column and those payments made in cash will be written in the cash column, on the credit side.

Cash Book

- ii) **Received Cash or Cheque :** Cheque received will be recorded in the Bank column and cash received will be recorded in the cash column, on the debit side.
- iii) **Cash withdrawn from Bank :** There are two accounts involved in it. Firstly, the amount of cash at bank will reduce and secondly the amount of cash in hand will increase. It will first be written on the debit side in the cash column and then on the credit side in 'bank column'. This is because both the accounts involved in this transaction are there in this Cash Book viz. – Cash Account and Bank Account. As per double entry system one account will be debited and the other account will be credited. Cash in hand is increasing and 'Cash at Bank' is decreasing. Therefore, on the credit side in the particulars column "By Cash" will be written and the amount will be entered in the bank column, on the debit side in the particulars column 'To Bank' will be written and the amount will be entered in the "Cash Column". This is called a 'Contra-Entry' i.e., entry in both sides of the Cash Book once in the 'Cash Column' and once in the 'Bank Column'. This fact is denoted by writing letter (C) in the L.F. columns on both sides.
- iv) **Cash Paid-into Bank :** This will also be recorded through a contra entry as explained above. Here also there are two accounts involved – 'Cash in hand' and 'Cash at Bank'. First of all amount of cash in hand will reduce and secondly the amount of cash at bank will increase. Both these accounts are there in this Cash Book. Cash at bank is increasing therefore, the amount will be written in the bank column on the debit side by writing 'To Cash' in the particulars column. Cash in hand is reducing therefore, the amount will be written in the cash column on the credit side by writing 'By Bank' in the particulars column. As it is a contra entry letter (C) will be written in the L.F. column on both sides.
- v) **Dishonors of a Cheque :** (a) If any cheque sent to the bank is dishonored and is sent back by the bank, its amount will be entered in the 'bank column' on the credit side. In the particulars column the name of the party, who gave the cheque, will be written. (b) If any cheque issued by the firm to a creditor is dishonored and is returned by the creditor, it will be entered in the bank column on the debit side. The name of the creditor will be written in the particulars column.
- vi) **Bank Charges :** Bank charge some money for the services provided by it. Every half year some amount is charged by them. This amount will be written in the bank column on the credit side because cash at bank is reduced. In the particulars column 'By Bank Charges Account' will be written.
- vii) **Cheques Received but not Sent to Bank :** Such cheques should be crossed and kept under lock and key and should be straight away entered

MODULE - II

Journal and Other Subsidiary Books



Notes

MODULE - II

Journal and Other Subsidiary Books



Notes

Cash Book

into bank column the next day when it is sent to bank. As the cheque is crossed, there is no danger of its being misused. This is the best course. However, if the cheque is treated as cash and is entered in the cash column on the day it is received, the cash in hand will increase which will be different from the actual cash in hand. This is not desirable. Moreover, next day it will have to be sent to the bank by passing a contra-entry. This increases the work unnecessarily. Therefore, the first approach is the best.

- viii) Endorsement of cheque :** If a received cheque is to be endorsed, then it is not deposited in bank account but is to be recorded in cash column Dr. side of Cash Book and simultaneously in cash column Cr side of Cash Book.
- ix) Balancing the Cash Book :** Both the 'cash' column and the 'bank' column will be balanced.
- a. Total of the debit side of 'Cash' column will generally be more than the total of credit side of cash column. It will be totalled first and the same total will be written just opposite to it in the cash column on the credit side. The balance will be calculated on the credit side above the total by writing "By Balance c/d" in the particulars column. This balance will be carried forward to the next date and will be taken to the debit side below the total and 'To Balance b/d' will be written in the particulars column.
 - b. In case of bank column, the total of any side may be more. In case the debit side bank column is more, it means that there is a balance in the bank. The balancing will be done just in the same way as in the case of cash column as described above.

If the total of credit side bank column is more this means that there is an overdraft from the bank. In this case first total the bank column on the credit side. Then put the same total in the bank column on the debit side in front of each other. The balance will be calculated on the debit side above the total and phrase, 'To Balance c/d' will be written in the particulars column. This balance of overdraft will be carried to the next date on the credit side below the total of the bank column and the phrase 'By Balance b/d' will be written in the particulars column.

Illustration 6

Enter the following transactions in the Two Column Cash Book of Ratan for the month of June 2012 :

Cash Book

Date 2012	Detail	Amount (₹)
June 1	Balance of Cash in hand	12,000
June 1	Balance of Cash at Bank	1,80,000
June 2	Bought goods by cheque	15,000
June 4	Bought goods by cash	8,000
June 5	Cash Sales	28,000
June 8	Sold goods by cheque	10,000
June 9	Paid wages in cash	400
June 15	Paid salaries by cheque	8,000
June 20	Paid cash into Bank	20,000
June 21	Paid for stationery by cheque	1,200
June 21	Paid to Naresh by cheque	1,280
June 22	Cash purchases	8,000
June 23	Received a cheque from Gopal and deposited the same into bank	1,880
June 24	Withdrew cash from bank	35,000
June 26	Drawings in cash for personal use	4,000
June 28	Purchases by cheque	9,500
June 29	Received cheque from Sohan	4,600
June 30	Paid rent by cheque for the month	1,200

MODULE - II

Journal and Other Subsidiary Books



Notes

Solution

Cash Book of Ratan

Dr.

Cr.

Receipts					Payments				
Date 2012	Particulars	L.F.	Cash (Rs.)	Bank (Rs.)	Date 2012	Particulars	L.F.	Cash (Rs.)	Bank (Rs.)
June1	Balance b/d		12,000	1,80,000	June2	Purchase A/c		---	15,000
June5	Sales A/c		28,000		June4	Purchase A/c		8,000	
June8	Sales A/c			10,000	June9	Wages A/c		400	
June20	Cash A/c	(C)		20,000	June15	Salaries A/c			8,000
June23	Gopal			1,880	June20	Bank A/c	(C)	20,000	
June24	Bank A/c	(C)	35,000		June21	Stationery A/c			1,200
June29	Sohan			4,600	June21	Naresh			1,280
					June22	Purchase A/c		8,000	
					June24	Cash A/c	(C)		35,000
					June26	Drawings A/c		4,000	
					June28	Purchases A/c			9,500
					June30	Rent A/c			1,200
					June30	Balance c/d		34,600	1,45,300
			75,000	2,16,480				75,000	2,16,480
July 1	Balance c/d		34,600	1,45,300					

MODULE - II**Journal and Other
Subsidiary Books****Notes****Cash Book****7.4 PETTY CASH BOOK**

The Business enterprises which prefer to maintain Bank column cash book feel the necessity of having another Cash book for recording small payments. A large number of repetitive small payments such as, for conveyance, cartage, postage, telegrams, courier and other expenses are made. These organizations appoint an assistant to the Head Cashier. The appointed assistant is known as petty cashier. He makes payments of these expenses and maintains a separate cash book to record these transactions. Such a cash book is called Petty Cash Book.

The petty Cash Book is generally prepared on imprest basis. Under this system initially a fixed amount is given to the petty cashier. He makes the petty payments out of this amount. When he uses approximately the whole amount he hands over the payment vouchers to the main cashier and the main cashier reimburses the total amount of payments to the petty cashier. The format of the petty Cash Book is given below:

Date	Particulars	Amt. (₹)	Conveyance (₹)	Cartage (₹)	Postage (₹)	Telegram (₹)	Refreshment (₹)	Courier (₹)	Total (₹)

Illustration 7

On 1.1.2012 an imprest of ₹500 was given by the main cashier to the petty cashier. The petty cashier made the following payments:

Date	Detail	Amount (₹)
2012		
Jan 1	Paid Conveyance	130
Jan 2	Paid for refreshments	45
Jan 3	Paid for postage stamps	45
Jan 15	Paid for courier	35
Jan 17	Paid for telegram	25
Jan 18	Paid for cartage	12
Jan 20	Paid for conveyance	21
Jan 21	Paid cartage	57
Jan 27	Paid for refreshment	28
Jan 28	Paid for Courier	14

Prepare a Petty Cash Book.

Cash Book

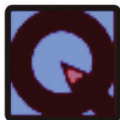


Solution

Petty Cash Book

Date 2012	Particulars	Amt. (₹)	Conveyance (₹)	Cartage (₹)	Postage (₹)	Telegram (₹)	Refreshment (₹)	Courier (₹)	Total (₹)
Jan.1	Cash	500							
Jan.1	Conevyance		130						130
Jan.2	Refreshment						45		45
Jan.3	Postage Stamp				45				45
Jan.15	Courier							35	35
Jan.17	Telegram					25			25
Jan.18	Cartage			12					12
Jan.20	Conevyance		21						21
Jan.21	Cartage			57					57
Jan.27	Refreshment						28		28
Jan.28	Courier							14	14
Jan.28	Total	500	151	69	45	25	73	49	412
	Balance								88
		500							500
Jan.29	Balance b/d	88							
Feb.01	Cash	412							

Notes



INTEXT QUESTIONS 7.3

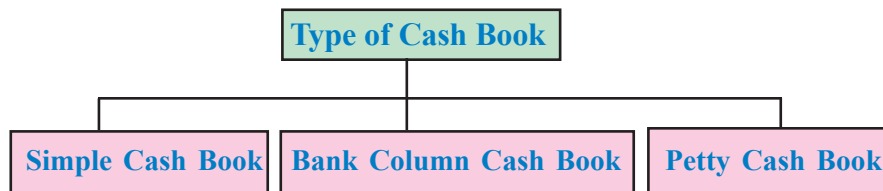
Fill in the blanks with suitable word/words:

- i. In Bank column cash book, Bank and _____ columns are shown on each side.
- ii. The Bank column cash book records transactions relating to _____ as well as _____.
- iii. A separate cash book maintained to record small transactions is called _____.



WHAT YOU HAVE LEARNT

- Cash Book is a Book in which all cash receipts and cash payments are recorded. It is also a book of original entry.



MODULE - II**Journal and Other
Subsidiary Books****Notes****Cash Book**

- **Simple Cash Book**
A Simple Cash Book records only cash receipts and cash payments. It has two sides, namely debit and credit.
- **Bank Column Cash Book**
In this type of Cash Book, Bank and Cash columns are shown on each side.
- **Petty Cash Book** : In business organizations, a large number of repetitive small payments such as, for conveyance, cartage, postage, telegrams and other expenses are made. These organizations appoint an assistant to the Head Cashier. The so appointed cashier is known as petty cashier. He makes payment of these expenses and maintains a separate cash book to record these transactions. Such a cash book is called Petty Cash Book.

**TERMINAL EXERCISE**

1. What is meant by a Cash Book? Explain the types of Cash Book.
2. What is meant by a 'Bank Column Cash Book' ? Draw the format of 'Bank Column Cash Book'.
3. What do you mean by Petty Cash Book?
4. State the meaning of a 'Contra Entry' with the help of an example.
5. Enter the following transactions in the Simple Cash Book of M/s Ronark Traders:

Date	Details	Amount
2012		(₹)
Jun. 01	Started Business with cash	30,000
Jun. 02	Goods purchased for Cash	10,000
Jun. 03	Furniture Purchased	1,000
Jun. 06	Goods Sold for Cash	7,000
Jun. 09	Cartage Paid	200
Jun. 10	Postage Paid	100
Jun. 12	Cash Sales	3,000
Jun. 14	Cash withdrawn for Personal use	2,000
Jun. 18	Deposited into Bank	10,000
Jun. 22	Goods purchased for Cash	13,000
Jun. 25	Wages paid	500
Jun. 27	Rent Paid	3,000
Jun. 28	Cash Sales	2,000

Cash Book

6. Enter the following in Srinath's cash book and show the balance:

Date	Details	Amount
2012		
Oct. 01	Balance of cash in hand	25,000
Oct. 08	Purchased goods for cash from X	3,200
Oct. 15	Sold goods to Y	4,800
Oct. 20	Received commission	650
Oct. 20	Paid Commission	550
Oct. 28	Paid to Suresh on account	7,150
Oct. 31	Paid salary to the office clerk and office Rent	1,000 600

7. From the following transactions prepare Simple Cash Book:

Date	Details	Amount
2012		
Mar.01	Cash in Hand	32,500
Mar. 08	Cash paid to Sumit	8,000
Mar. 12	Goods Purchased	3,000
Mar. 15	Cash received from Nidhi	2,000
Mar. 18	Cash Sales	4,000
Mar. 22	Paid Wages	4,000
Mar. 25	Salary Paid	3,000
Mar. 28	Cash paid to Nitin	3,500
Mar. 31	Rent Paid	2,500

8. Enter the following transactions in a Single Column Cash Book :

Date	Details	Amount
2012		
Apr. 01	Cash in Hand	15,000
Apr. 05	Cash Purchases	1,000
Apr. 08	Cash Sales	800
Apr. 10	Received from Munish	1,000
Apr. 15	Purchased Furniture	500
Apr. 22	Paid Wages	200
Apr. 25	Received Commission	100
Apr. 30	Paid Rent	600

MODULE - II

Journal and Other Subsidiary Books



Notes

MODULE - II**Journal and Other
Subsidiary Books****Notes****Cash Book**

9. Enter the following transactions in a Petty Cash Book of Manohar.

Date 2012	Details	Amount (₹)
Jan 1	Imprest received	1,000
Jan 1	Paid Cartage	200
Jan 2	Paid Postage	102
Jan 4	Paid Conveyance	22
Jan 8	Paid for refreshments	115
Jan 9	Paid for courier	27
Jan 10	Paid for telegram	17
Jan 12	Paid Conveyance	38
Jan 20	Paid for refreshment	124
Jan 21	Paid Conveyance	127
Jan 22	Paid Postage	34
Jan 27	Paid Cartage	120

10. Enter the following transactions in the Bank Column Cash Book of Mohan for the month of September 2012 :

Date 2012	Details	Amount (₹)
Sept. 1	Balance of Cash in hand	1,20,000
Sept. 1	Balance of Cash at Bank	1,80,000
Sept. 2	Bought goods by cheque	15,000
Sept. 4	Bought goods by cash	18,000
Sept. 5	Cash Sales	28,000
Sept. 8	Sold goods by cheque	70,000
Sept. 9	Paid wages in cash	11,400
Sept. 10	Purchased furniture and paid by cheque	20,000
Sept. 12	Received a cheque from Suresh for ₹ 10,000, which was endorsed to Naresh on the same day.	
Sept. 15	A debtor Harish deposited ₹ 5,000 directly in our bank account.	
Sept. 20	Bank charges ₹ 200 for issuing a new cheque book.	
Sept. 24	Goods sold for ₹ 30,000, as 1/3 cash and 2/3 on credit to Gurdeep.	
Sept. 25	Received a cheque from Chunnu for ₹ 8,000 goods sold to him before one month, deposited in bank.	
Sept. 28	Cheque received from Chunnu was dishonoured for which bank charges ₹ 50.	

Cash Book

11. Prepare a Bank column Cash Book from the following transactions :

Date	Details
2012	
Mar. 1	Cash in hand ₹ 2,780, Bank overdraft ₹ 3,125
Mar. 2	Cheque of ₹ 400 issued to the petty cashier.
Mar. 5	₹ 350 was paid to Hari for the repair of electricity.
Mar. 12	Received ₹ 1200 for sale of goods.
Mar. 17	Received ₹ 950 from Sheila after allowing a rebate of ₹ 20 on account of retering a bill of exchange.
Mar. 24	Girdhari Lal paid ₹ 2000 in cash and ₹ 3000 in cheque, for the sale of goods to him.
Mar. 25	Bought goods worth ₹ 1700 from Rahim and paid by cheque.
Mar. 30	Interest on overdraft ₹ 50 was charged by Bank
Mar. 31	Cash in excess of ₹ 1000 was deposited into the Bank

12. Prepare a Bank column Cash Book from the following transactions particulars.

Date	Details	Amount (₹)
2012		
Mar. 1	Cash in hand ₹ 70,000 and at Bank ₹ 80,000.	
Mar. 5	Bought goods for cheque	10,000
Mar. 10	Sold goods for cash	20,000
Mar. 12	Received a cheque for sale of goods	40,000
Mar. 15	Paid Hari Om by cheque	7,000
Mar. 16	Paid telephone bill	2,000
Mar. 17	Received from Malti	4,000
Mar. 18	Received a cheque from Shweta	8,000
Mar. 20	Withdrawn from Bank for office use	12,000
Mar. 22	Paid wages to workers	18,000
Mar. 25	Cheque of Shweta returned dishonoured	—
Mar. 25	Banks debits the accounts for bank charges	120
Mar. 30	Interest collected by bank	190
Mar. 31	Cash sales	4,000

13. Prepare a Bank column Cash Book from the following transactions:

Date	Details	Amount (₹)
2012		
Jan. 1	Cash in hand ₹ 26,800 and at Bank ₹ 72,400	
Jan. 5	Discounted a bill receivable for ₹ 8,000 at 3% through Bank for two months	

MODULE - II

Journal and Other Subsidiary Books



Notes

MODULE - II

Journal and Other Subsidiary Books



Notes

Cash Book

Jan. 8	Bought goods for cheque	4,000
Jan. 10	Purchased goods for cash	7,000
Jan. 13	Paid by cheque for a bill payable	12,000
Jan. 15	Paid trade expenses in cash	9,000
Jan. 17	Paid cash into bank	10,000
Jan. 19	Jacky who owed us ₹ 600 became insolvent and paid only 50 P in the rupee.	
Jan. 20	Received ₹ 4,800 from Gianchand	
Jan. 22	Paid ₹ 2,390 to Malika Singh	
Jan. 25	Withdrew Cash from bank for office	6,000
Jan. 25	Withdrew cash from bank for private use	7,000
Jan. 28	Sold goods for cash	20,000
Jan. 28	Received a cheque for sale of goods	18,000
Jan. 30	Received a refund of Loan of ₹ 15,000 and deposited ₹ 13,000 in the bank.	

14. From the following transactions prepare Bank column Cash Book.

Date 2012	Details	Amount (₹)
Feb. 1	Cash in hand	10,000
Feb. 1	Bank Balance	40,000
Feb. 3	Cash Sales	13,000
Feb. 4	Deposited into Bank	17,000
Feb. 8	Jimmy settled his account by giving a cheque	12,000
Feb. 12	Bought goods by cheque	10,000
Feb. 15	Purchased stationery for cash	5,000
Feb. 20	Jimmy's cheque returned dishonoured with bank charges of ₹ 50	
Feb. 20	Received a cheque from Janakidas	11,000
Feb. 26	Withdrew from Bank for office use	16,000
Feb. 29	Paid salary by cheque ₹ 11,200 and rent in cash ₹ 7,240	

15. Prepare a Bank column Cash Book from the following transactions:

Date 2012	Details	Amount (₹)
Oct. 1	Cash in hand	27,100
Oct. 1	Cash at Bank	72,000
Oct. 6	Bought goods by cheque	14,000
Oct. 7	Bought goods for cash	15,000

Cash Book

Oct. 15	Paid trade expenses	4,150
Oct. 16	Paid into Bank	2,000
Oct. 19	Ram who owed us ₹ 8,000 became insolvent and paid only 60 paise in the rupee.	
Oct. 21	Received cash from Malti	5,800
Oct. 24	Withdrew from Bank	7,500
Oct. 25	Paid cash to Das & Co.	4,490
Oct. 28	Withdrew from Bank for private use	13,000
Oct. 28	Sold goods for cash	14,000
Oct. 28	Received cheque for goods sold	10,000
Oct. 30	Received refund of loan of ₹ 18,000 and deposited ₹ 6,000 into Bank.	
Oct. 31	Bank charges	250

16. Prepare Bank column Cash Book:

Date 2012	Details	Amount (₹)
Apr. 1	Cash in hand ₹ 26,500 and balance in Bank Current Account ₹ 46,400	
Apr. 3	Received from Neeraj Singh	7,900
Apr. 10	Paid salaries to the staff	18,000
Apr. 12	Cash Sales	3,750
Apr. 15	Paid to Vivek by cheque	4,200
Apr. 16	Cash purchases	3,300
Apr. 18	Paid bill payable by a cheque	6,400
Apr. 18	Paid to Meena by cheque	1,685
Apr. 19	Cash Sales	8,680
Apr. 19	Paid cash for cartage and coolie	450
Apr. 20	Withdrew cash from bank for office use	7,000
Apr. 20	Paid rent for the month in cash	2,500
Apr. 21	Cash sales	19,000
Apr. 22	Received cheque form Manish	2,694
Apr. 23	Deposited cash into Bank	3,400
Apr. 24	Purchased a Scooter and paid by a cheque	26,800
Apr. 25	Collections by Bank	18,000
Apr. 25	Received a cheque from Alok Gupta in full settlement of his account of ₹ 8,000.	7,900
Apr. 25	Cash Sales	2,700
Apr. 27	Bank notifies that Alok Gupta's cheque has been dishonoured	

MODULE - II

Journal and Other Subsidiary Books



Notes

MODULE - II

Journal and Other Subsidiary Books



Notes

Cash Book

- Apr. 28 Deposited Cash in the Bank 5,400
Apr. 29 Paid wages 8,200
17. Enter the following transaction in Petty Cash Book. The imprest amount is ₹ 5,000.

Date	Details	Amount (₹)
2012		
Aug. 1	Peon's wages	1,400
Aug. 3	Pencils and Pens	70
Aug. 5	Carriage on goods	250
Aug. 10	Postage Stamps bought	135
Aug. 12	Telegrams & Telephones	210
Aug. 14	Sundry Expenses	900

18. A petty cashier received ₹ 8,000 as imprest amount on September 1, 2012. During the week, his expenses were as follows:

Date	Details	Amount (₹)
2012		
Sept. 1	Taxi Charges	400
Sept. 2	Wages to casual labourers	250
Sept. 4	Bus fare to peon	20
Sept. 4	Stationery purchased	300
Sept. 5	Postage stamps bought	75
Sept. 5	Revenue stamps bought	25
Sept. 5	Repair to furniture	830
Sept. 5	Paid electricity bill	1,400
Sept. 6	Wages paid for coolie-hire	150
Sept. 6	Taxi hire	400
Sept. 6	Telegram	80
Sept. 6	Locks & Keys purchased	70
Sept. 6	Stationery bought	140
Sept. 7	Refreshments to customers	350



ANSWER TO INTEXT QUESTIONS

- 7.1 (i) Receipts, Payments (ii) Receipts, Payments
(iii) Debit, Credit (iv) Opening

- 7.2 I. i) c ii) b iii) b iv) a
v) c vi) a vii) c

Cash Book

II.	S.No.	Transactions	Debit Side	Credit Side
	(i)	Mukesh started Business with cash	✓	
	(ii)	Goods Purchased for cash		✓
	(iii)	Goods sold for cash	✓	
	(iv)	Closing Cash Balance		✓
	(v)	Cash received from Ankur	✓	

7.3 (i) Cash (ii) Cash, Bank (iii) Petty Cash Book



ANSWER TO TERMINAL EXERCISE

5. Closing Cash in hand ₹ 2,200
6. Closing Cash in hand ₹. 13,150
7. Closing Cash in hand ₹ 14,500
8. Closing Cash in hand ₹ 14,600
9. Cash in hand ₹ 74
10. Cash in hand ₹ 1,28,600 and Bank Balance ₹ 2,19,750
11. Cash in hand ₹ 1,000 and Bank Balance ₹ 3,305
12. Cash in hand ₹ 90,000 and Bank Balance ₹ 91,070
13. Cash in hand ₹ 33,900 and Bank Balance ₹ 89,970
14. Cash in hand ₹ 14,760 and Bank Balance ₹ 25,750
15. Cash in hand ₹ 45,560 and Bank Balance ₹ 55,250
16. Cash in hand ₹ 34,280 and Bank Balance ₹ 29,809
17. Cash in hand ₹ 2,035
18. Cash in hand ₹ 3,510

ACTIVITY FOR YOU

- Every Student gets pocket money on regular basis from his parents and spends it judiciously on purchasing different type of goods/services. You may also be receiving money from your grandparents and / or from grand maternal parents and maintain a record of the money spent by you. Procure the note book/diary in which you keep the notes regarding receipts and payments and prepare a Cash Book on the basis of your receipts and payments for a month.

MODULE - II

Journal and Other Subsidiary Books



Notes