

Cash book

Cash book is a book of original entry in which transactions relating only to cash receipts and payments are recorded in detail. When cash is received it is entered on the debit or left hand side. Similarly, when cash is paid out the same is recorded on the credit or right hand side of the cash book.

Cash book is a journal because the transactions are recorded in it for the first time from the source of document and from journal these transactions are posted to the respective account in the ledger. We can say cash book is a ledger also in the sense that it serves the purpose of cash account also. As such cash book is journal as well as ledger, and hence it may call **journalised ledger**.

Enter the following transactions in the single column cash book of Mr. Jamil:

2005.		Rs.
Jan. 1	Mr. Jamil started business with cash	2,00,000
Jan. 3	Bought goods for cash	1,40,000
Jan. 5	Paid for stationary	2,000
Jan. 7	Sold goods for cash	80,000
Jan.10	Paid for trade expenses	2,000
Jan.11	Sold goods for cash	20,000
Jan.14	Received cash from Mr. Asif	10,000
Jan.15	Paid cash to Mr. Qadir	20,000
Jan.18	Withdrew cash for personal use	6,000
Jan.22	Bought goods for cash	40,000
Jan.25	Sold goods for cash	90,000
Jan.27	Paid for electricity bill	4,000
Jan.31	Paid salary	10,000
Jan.31	Paid rent	3,000

Solution:

Single Column Cash Book of Mr. Jamil

Date	Particulars	V.N.	L.F.	Amount (Rs.)	Date	Particulars	V.N.	L.F.	Amount (Rs.)
2005					2005				
Jan. 1	Capital A/C (Being business started)			200,000	Jan. 3	Purchases A/C (Being goods bought for cash)			140,000
Jan. 7	Sales A/C (Being goods sold)			80,000	Jan. 5	Stationery A/C (Being stationary purchased)			2,000
Jan. 11	Sales A/C (Being goods sold)			20,000	Jan. 10	Trade expenses (Being expenses paid)			2,000
Jan. 14	Mr. Asif A/C (Being cash received)			10,000	Jan. 15	Mr. Qadir A/C (Being cash paid)			20,000
Jan. 25	Sales A/c (Being goods sold)			90,000	Jan. 18	Drawing A/C (Cash drawn for personal use)			6,000
					Jan. 22	Purchase A/C (Being goods bought)			40,000
					Jan. 27	Electricity A/C (Being bill paid)			4,000
					Jan. 31	Salary A/C (Being salary paid)			10,000
					Jan. 31	Rent A/C (Being rent paid)			3,000

				Jan.31	Balance c/d			173,000
					4,00,00			4,00,00
Feb. 1	Balance b/d				173,000			

A single column Cash Book may also be used even if an account is to be opened in a bank. In such a case, a separate Bank A/c will be opened in Ledger where all bank transactions are posted from Cash Book and other subsidiary books.

Enter the following transactions in a double column cash book/two column cash book.

2005		Rs.
March1	Cash in hand	80,000
March1	Bank Balance	120,000
March3	Received a cheque from Osman	24,000
March4	Deposited Osman's cheque with bank	--
March8	Withdrawn from bank for business use	20,000
March10	Goods sold for cash	30,000
March15	Goods bought for cash	80,000
March18	Goods sold for cash	60,000
March20	Paid Rahim by cheque	26,000
March30	Deposited into bank	16,000
March31	Paid salary in cash	10,000
March31	Paid rent by cheque	6,000

Solution:

Double Column Cash Book											
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Date	Particulars	V/N	L/F	Cash Rs.	Bank Rs.	Date	Particulars	V/N	L/F	Cash Rs.	Bank Rs.
2005						2005					
Mar . 1	Balance b/d			80,000	120,000	Mar . 4	Bank A/c (Being cheque deposited)		C	24,000	
3	Osman A/c (Being cheque received)			24,000		8	Cash A/c (Being cash withdrawn from bank)		C		20,000
4	Cash A/c (Cheque deposited with bank)		C		24,000	15	Purchase A/c (Being goods bought)			80,000	

8	Bank A/c (Being cash drawn from bank)		C	20,000		18	Cash A/c		C	16,000	
10	Sales A/c (Being goods sold 'for cash)			30,000		20	Rahim A/c (Cheque issued)				26,000
18	Sales A/c (Being goods sold for cash)			60,000		31	Salary A/c (Being salary paid)			10,000	
30	Cash A/c (Being cash deposite d)		C		16,000	31	Rent A/c (Being rent paid by cheque)				6,000
						31	Balance s c/d			84,000	108,000

May23: AsimTufail's cheque endorsed to a creditor Akif in settlement of Rs.8,100

May25: Bank credited interest 1,000

May31: Bank debited bank charges 1,400

Solution:

Three Column Cash Book

Date	Particulars	V N	L F	Discount Allowed Rs.	Cash Rs.	Bank Rs.	Date	Particulars	V N	L F	Discount Received Rs.	Cash Rs.	Bank Rs.
1.5.05	Balanced b/d				40,000	30,000	5.5.05	Purchase A/c				18,000	
3.5.05	Sales A/c				9,000		11.5.05	Zulfqar A/c			600	10,000	9,400
8.5.05	M.Farooq A/c			300		19,300	17.5.05	Adnan A/c			100	3,900	
15.5.05	M Kaleem A/c			200	9,800		23.5.05	Akif A/c			300	7,800	
20.5.05	Asim Tufail			200	7,800		31.5.05	Bank charges					1,400

5	A/c					5	A/c					
25.5.5	Interest A/c				1,000	31.5.5	Balance c/d			26,900	39,500	
			700	66,600	50,300				1,000	66,600	50,300	

Note: The Discount columns are not balanced. The two Discount columns are simply totaled and posted to Discount Allowed A/c and Discount Received A/c in the Ledger.



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