CH- Special Purpose Book

(V.V.V.V.V.V. V.V. Simple)

CASH BOOK

→ Business transactions are recorded in original Book of entry i.e primary entry in JOURNAL Book.

→ However, the numerous transactions need to be recorded in separate books. There are special purpose books which are being prepared :-

(i) Cash Book — This chapter.

(ii) Purchase Book
(iii) Sales Book
(iv) Purchase Return Book
(v) Sales Return Book
(vi) Journal Proper

} – Next chapter.

* CASH BOOK *

→ Cash book is a book in which receipts and payments in cash and through Bank are recorded.

→ Cash receipts are recorded on debit side and cash payments are recorded on credit side.

(*) → Cash Book is a subsidiary Book (Journal) and a principal Book (Ledger)

→ Cash Book is of two types :-

a) Simple cash Book ie Single column cash Book
b) Double column (Two column) cash Book

* Cash / Bank involved —Recording→ Cash Book JOURNAL

ASSET

Dr. INCREASE CASH A/C DECREASE Cr

Dr. INCREASE	CASH A/c	DECREASE Cr.
पैसा आया		पैसा गया

LEDGER

2. Prepare Simple Cash Book of Gopal from the following transactions:

2021		₹
April 1	Gopal "commenced business" introducing cash.	2,00,000
April 4	Purchased following assets for business: Computer ₹ 16,000; Furniture ₹ 18,500 and Machinery ₹ 32,000, payment made by cheque. Bank transaction. No effect on cash	
April 6	Purchased goods from Bhushan in cash	40,000
April 8	Paid wages for installation of Machinery	4,000
April 12	Computer repair charges	1,900
April 15	Paid wages	15,000
	Purchased Postage Stamps	150
	Paid for stationery	2,700
April 19	Sold for cash half the goods purchased from Bhushan to Anil Krishna at a profit of 25% and allowed him Trade Discount of 5%.	
April 24	Payment to carpenter for repairs to personal furniture.	350
April 26	Paid for medical expenses of Smt. Gopal. पत्नी	1,800
April 30	Paid for shop rent	2,500

20000
(+) 25% 5,000
25000
(−) 5% (1250)
23,750

[Cash Balance—₹ 1,55,350.]

Sol:- Dr. पैसा आया (Cash A/c) CASH BOOK पैसा गया Cr.

Date	Particulars	L/F	₹	Date	Particulars	L/F	₹
1 April	To Capital A/c		2,00,000	6 April	By Purchase A/c		40,000
				8 April	By Machine A/c		4,000
19 April	To Sales A/c		23,750	12 April	By Repair ch A/c		1,900
				15 April	By Wages A/c		15,000
				15 April	By Postage A/c		150
				15 April	By stationery A/c		2,700
				24 April	By drawings A/c		350
				26 April	By drawings A/c		1,800
				30 April	By Rent A/c		2,500
				30 April	By Balance c/d		155,350
			2,23,750				2,23,750

4. From the following, prepare Single Column Cash Book of Suresh and post them in ledger accounts:

2021		₹
April 1	Cash in Hand. To Balance B/d	6,400
April 3	Received Cash from Anupama	1,00,000

2021		
April 1	Cash in Hand. To Balance B/d	6,400
April 3	Received Cash from Anupama	1,00,000
April 4	Paid into Bank	80,000
April 5	Received from Bhumika as commission	6,000
April 6	Paid Wages	30,000
April 7	Withdrawn from Bank	30,000
April 8	Purchased goods in Cash from Ashok	10,000
April 9	Cash sales	10,000
April 11	Drew Cash for personal use	10,000
April 12	Purchased furniture	4,000
April 13	Paid to Ruma	1,200
April 14	Paid to Ganguly Brothers for office fan	1,500
April 15	Paid own life insurance premium from office cash	800
April 16	Purchased stationery	1,000
April 17	Paid office expenses	500
April 19	Paid electricity charges	100
April 20	Received interest from Raman	500
April 30	Deposited all cash in bank in excess of minimum cash balance	2,000

[*Cash Balance—₹ 2,000; Cash Deposited in Bank—₹ 11,800.*]

Sol:- Q.

Cash Book

Cr

Date	Particulars	L/F	₹	Date	Particulars	L/F	₹
1 April	To Balance B/d		6,400	4 April	By Bank A/c		80,000
3 April	To Anupama		100,000	6 April	By Wages A/c		30,000
5 April	To Commission A/c		6,000	8 April	By Purchase A/c		10,000
7 April	To Bank A/c		30,000	11 April	By drawings A/c		10,000
9 April	To Sales A/c		10,000	12 April	By furniture A/c		4,000
20 April	To Interest		500	13 April	By Ruma		1,200
				14 April	By Ganguly		1,500
			आप गलती करोगे	15 April	By drawings		800
				16 April	By stationery		1,000
				17 April	By office exp		500
				18 April	By elec charges		100
				30 April	By Bank A/c		11,800
				30 April	By Balance c/d		2,000
			152,900				152,900

152,900 (−) 139,100 = $\boxed{13,800}$

Minimum Cash Balance 2000

deposited in Bank 11,800

Balance 2000 | Bank 11,800

× ——— × ——— × ——— × ——— ×

Double column Cash Book (V. Imp.)

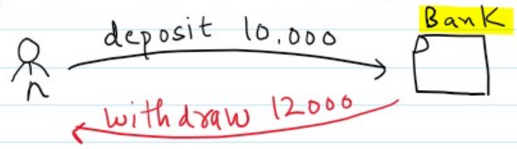
→ In this cash book we will record cash as well as Bank transactions in the book.

→ We prepare columner form of cash book with two columns of amount

→ Cash column will always have debit Balance
Bank column may have debit or credit Balance

→ Bank Overdraft is a credit Balance

2000 Bank O/D



→ Discount allowed or received is recorded below the cash book as journal entry :-

Discount allowed		Discount Received	
Discount allowed A/c	Dr. xx	Creditor A/c	Dr xx
To Debtor ———	xx	To discount received —	xx

* If the above cheque is dishonored then we will reverse the above entries

100%

→ CONTRA ENTRIES - Transactions involving both Cash & Bank simultaneously

a) Cash deposited into Bank. Cash (↓) Bank (↑)

b) Cash withdrawn from Bank Cash (↑) Bank (↓)
(Cash withdrawn from Bank for office use)

* For Contra Entries we use $\boxed{C}$ symbol in L/F column.

7. Prepare Two-column Cash Book from the following transactions of Mani, Kochi:

2021	
March 1	Cash in Hand ₹ 15,000; Cash at Bank ₹ 5,000
March 3	Purchased goods for cash ₹ 6,720; received cash discount of ₹ 220
March 5	Deposited in the bank ₹ 5,000
March 7	Cash sales ₹ 10,000
March 10	Cash withdrawn from Bank ₹ 2,000
March 15	Received three months post dated cheque of ₹ 20,000 from Raj and discounted from bank paying discounting charges ₹ 750
March 18	Received cheque from Deepak for ₹ 5,000 (not banked), allowed discount ₹ 200
March 20	Cheque received from Deepak deposited in Bank
March 22	Paid to Chandra by cheque ₹ 2,500; received discount ₹ 100
March 25	Withdrew from bank for personal use ₹ 1,000
March 28	Sold goods to Ashok for ₹ 10,000
March 30	Purchased goods from Chander for ₹ 20,000
March 31	Received cheque from Ashok ₹ 5,000 and deposited in bank, allowed cash discount ₹ 200

[Cash Balance—₹ 15,500; Bank Balance—₹ 33,750.]

Opening Balance

Purchase A/c Dr. 6720
To Cash A/c —— 6500
To discount received – 220
(–)

CONTRA entry Bank ↑ Cash ↓

Bank A/c Dr. 5000
To Cash A/c — 5000

20,000
(–) 750
19,250

cheque in hand

Bank A/c Dr 5000
To cheque-in-hand – 5000

Drawing A/c Dr 1000
To Bank A/c — 1000

Sol:-

Dr. पैसा आता है Double Column Cash Book पैसा जाता है Cr.

Date	Particulars	LF	Cash	Bank	Date	Particulars	LF	Cash	Bank
1 March	To Balance B/d		15,000	5,000	3 March	By Purchase A/c		6,500	–
					5 March	By Bank A/c	C	5,000	–
5 March	To Cash A/c	C	–	5,000	10 March	By Cash A/c	C	–	2,000
7 March	To Sales A/c		10,000	–					
10 March	To Bank A/c	C	2,000	–	22 March	By Chandra			2,500
15 March	To Bills Receivable (Raj)		–	19,250	25 March	By drawings A/c			1,000
20 March	To cheque-in-hand		–	5,000	31 March	By Balance c/d		15,500	33,750
31 March	To Ashok		–	5,000		Debit Balance			
			27,000	39,250				27,000	39,250

3 March :- Creditor A/c Dr. 220
To discount received A/c —— 220

18 March :- Cheque-in-hand A/c Dr. 5000
Discount allowed A/c Dr. 200
To Deepak 5200

Discount allowed A/c Dr. 200
To Deepak 5,200

22 March :- Chandra Dr. 100
To discount received A/c —— 100

28 March :- Ashok Dr. 10000
To Sales A/c —— 10,000

30 March :- Purchase A/c Dr. 30000
To chander —— 30,000

31 March :- Discount allowed A/c Dr 200
To Ashok —— 200

11.* Enter the following transactions in Two-column Cash Book of Gaurav, Delhi:

2021		₹
April 1	Opening Balance of Cash in Hand	1,00,000
	Opening Balance of Bank Overdraft.* Credit Balance	5,00,000
April 2	Sold goods	3,48,000
April 3	Sold goods against cheque and paid into bank the same day	3,36,000
April 5	Sold goods to Reema, payment received by cheque	1,00,000
April 6	Ram paid by cheque (same day)	78,000
	Discount allowed	2,000
	Reema's cheque deposited in bank	
April 7	Bought goods from Rahul, paid him by cheque	44,800
	Salaries paid to staff by cheque	2,20,000
April 10	Deposited in bank	3,00,000
April 11	Received a cheque from Suresh and paid into bank (deposit)	1,28,500
	Discount allowed	1,500
April 15	Received from R. Kumar a cheque (same day) for settlement of his account for ₹ 1,95,000 (DISCOUNT allowed 7500)	1,87,500
April 18	Paid wages in cash	30,000
April 20	Bank charges	5,000
April 22	Withdrew from bank	1,00,000
	Withdrew from "Bank" for personal use	1,20,000
April 25	Paid electricity bill by cheque	31,500
	Issued a cheque to Sudha as advance for purchase of house for Gaurav (आय)	2,00,000
April 30	Bank collected interest received on investments.*	15,000

[*Cash Balance*—₹ *2,18,000; Bank Overdraft*—₹ *76,300.*]

Sol:- Dr. Cash Book Cr.

Sol:- Dr.　　　　　　　　　　Cash Book　　　　　　　　　　Cr

Date	Particulars	LF	Cash	Bank	Date	Particulars	LF	Cash	Bank
1 April	To Bal B/d		1,00,000	-	1 April	By Bal b/d (Bank OD)		-	5,00,000
2 April	To Sales A/c		3,48,000	-	7 April	By Rahul			44800
3 April	To Sales A/c		-	3,36,000	7 April	By Salaries A/c			220,000
6 April	To Ram		-	78,000	10 April	By Bank A/c	C	3,00,000	-
6 April	To cheque in hand		-	1,00,000	18 April	By wages A/c		30000	-
10 April	To Cash A/c	C	-	3,00,000	20 April	By Bank charge		-	5,000
11 April	To Suresh		-	1,28,500	22 April	By Cash A/c	C	-	1,00,000
15 April	To R. Kumar		-	1,87,500	22 April	By drawings A/c		-	120,000
22 April	To Bank A/c	C	1,00,000		25 April	By electricity		-	31,500
30 April	To Interest A/c			15,000	25 April	By drawings			200,000
					30 April	By Bal c/d		218000	-
30 April	To Balance c/d		-	76,300					
			548000	12,21,300				548000	12,21,300

5 April　Cheque-in-hand A/c　　　Dr. 1,00,000
　　　　To Reema　　　　　　　　　　100,000

6 April　Discount allowed A/c　　　Dr 2,000
　　　　To Ram　　　　　　　　　　　2,000

11 April　Discount allowed A/c　　Dr. 1500
　　　　To Suresh　　　　　　　　　1500

15 April　Discount allowed A/c　　Dr 7500
　　　　To R. Kumar　　　　　　　　7500

**9. Enter the following transactions in Two-column Cash Book of Reema, and find cash and bank balances:

2021		₹
April 1	Cash balance ₹ 2,000, bank balance ₹ 24,500	
April 2	Cash sales	60,000

April	1	Cash balance ₹ 2,000, bank balance ₹ 24,500	
April	2	Cash sales	60,000
April	5	Deposited in Bank	50,000
April	7	Issued cheque to Sohan	10,000
April	12	Received cheque from National Insurance Co. Ltd. against claim lodged last year .... (same day)	19,800
April	14	Sold goods to Niraj of ₹ 25,000, received cash ₹ 10,000 and balance by cheque. (same day) Allowed him discount ₹ 500	
April	16	Purchased furniture by cheque	10,000
April	18	Sold old furniture for cash	10,000
April	20	Paid into bank cheque of Niraj along with cash ₹ 2,500	
April	22	Paid to Suman by cheque	2,500
April	26	Suman's cheque returned (Bounce) on technical ground and paid cash for equal amount 2500	
April	26	Bank charged bouncing charges	300
April	29	Bank paid insurance premium as per "standing instructions"	2,500
April	30	Nigam (Customer) paid into bank directly, intimation received on the same day	5,000

Cash A/c Dr. 10000
Discount allowed A/c Dr. 500
cheque in hand Dr. 14500
To Sale 25000

[Cash Balance—₹ 27,000; Bank Balance—₹ 93,500.]

Dr CashBook Cr

Date	Particulars	LF	Cash	Bank	Date	Particulars	LF	Cash	Bank
1 April	To Bal B/d		2,000	24,500	5 April	By Bank A/c	C	50,000	–
2 April	To Sales A/c		60,000	–	7 April	By Sohan		–	10,000
5 April	To Cash A/c	C	–	50,000	16 April	By furniture		–	10,000
12 April	To NIC		–	19,800	20 April	By Bank A/c	C	2500	–
14 April	To Sale A/c		10,000	–	22 April	By Suman		–	2500
18 April	To furniture A/c		10,000	–	26 April	By Suman		2,500	–
20 April	To cheque in hand		–	14,500	26 April	By Bank charges		–	300
20 April	To Cash A/c	C	–	2,500	29 April	By Insurance premium		–	2500
26 April	To Suman		–	2,500	30 April	By Bal c/d		27,000	93,500
30 April	To Nigam		–	5,000					
			82000	1,18,800				82000	1,18,800

14 April Cheque in hand A/c Dr. 14500
Discount allowed A/c Dr. 500
To Neeraj 15000

* PETTY CASH BOOK *

"छोटी Cash Book"

→ A cash Book in which receipts and expenses of small amounts are recorded

→ Petty Cash Book has two systems :-

→ (a) Simple system of Petty Cash - In this system, Petty cashier is given an appropriate amount of cash and after spending the amount, he submits the petty cash to the Head cashier

V.Imp.

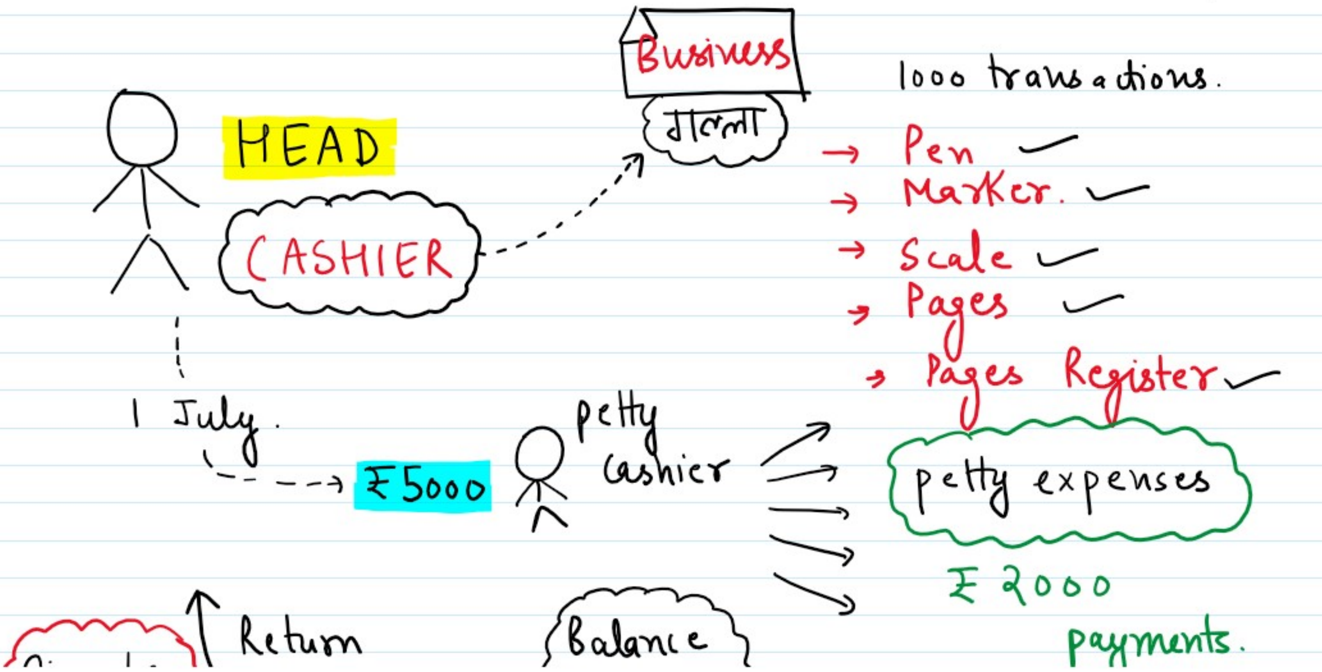
(b) Imprest system of Petty Cash - In this system, an amount is estimated for petty expenses. This amount is given to petty cashier in the beginning of the period. The amount of petty expenses paid by the petty cashier is Reimbursed to him periodically. The amount is Known as Imprest money i.e. the fixed amount in the beginning of the period.

→ Petty Cash Book is of two types :-

a) Simple Petty Cash Book - Only one column for all the payments.

b) Analytical Petty Cash Book - Separate columns for each payment.

x ——— x ——— x ——— x ——— x ——— x ——— x



Simple Petty Cash system. ← Return ← Balance ₹ 3000 → Imprest system of Petty Cash.

→ ₹ 2000 payments.

Head cashier — 1 Aug ----→ ₹ 2000

₹ 5000 ← IMPREST MONEY

13. Rajan maintains a Columnar Petty Cash Book on the Imprest System. The imprest amount is ₹ 5,000. From the following information, show how his Petty Cash Book would appear for the week ended 12th September, 2020:

5000 − 1349

2020		₹
Sept. 7	Balance in Hand .... (Petty cashier के पास)	1,349
	Received cash reimbursement (देगा) to make up the imprest ₹ 3651	
	Postage	123
	Stationery	321
Sept. 8	Travelling and conveyance	126
	Miscellaneous expenses	11
	Entertainment	72
Sept. 9	Repairs	1,567
Sept. 10	Postage	174
	Travelling	673
Sept. 12	Miscellaneous expenses	201
	Postage	483
	Repairs	30

Petty expenses

[*Petty Cash in Hand—₹ 1,219; Reimbursement—₹ 3,781.*]

Sol:-

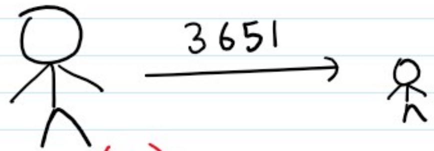
Petty Cash Book – Analytical

Receipts	Date	Particulars	Total payments	Postage	Stationery	Travelling	Misc exp	Ent	Repair
1349	7 Sep	To Balance B/d							
3651	7 Sep	To CASH A/c							
	7 Sep	By Postage A/c	123	123					

3651	7 Sep	To CASH A/c							
	7 Sep	By Postage A/c	123	123					
	7 Sep	By Stationery A/c	321		321				
	8 Sep	By Travelling	126			126			
	8 Sep	By Misc exp	11				11		
	8 Sep	By Entertainment	72					72	
	9 Sep	By Repairs A/c	1567						1567
	10 Sep	By Postage	174	174					
	10 Sep	By Travelling	673			673			
	12 Sep	By Misc exp.	201				201		
	12 Sep	By Postage	483	483					
	12 Sep	By Repair	30						30
			3781	780	321	799	212	72	1597
	12 Sep	By Balance c/d	1219						
5,000			5000						
1,219	13 Sep.	To Balance b/d							
3781	13 Sep.	To Cash A/c							

JOURNAL ENTRIES

5 Sep.



Cash (↓) Petty Cash (↑)

Petty Cash A/c Dr. 3651
To Cash A/c —— 3651
(Amount given to petty cashier)

(ii) For Payments.

Expense A/c Dr. (separate A/cs)
To Petty Cash A/c —— xxx

* Balance of Petty Cash Book is ASSET.

* Balance of Petty Cash Book is **ASSET**.

x ——— x ——— x ——— x ——— x ——— x