# **Cash Book**

# Imprest System of Petty Cash. The word ‘ Imprest’ means amount paid in advance. In this system, a fixed amount is paid to the petty cashier who is determined on the basis of past experience by the month in the beginning of a particular period (month ). The petty cashier is required to make payments of all petty expenses out of this fixed amount. At the end of that period or on the first day of the next period, the main cashier reimburses the amount actually spent by the petty cashier during the last period so as to make the balance same as before.

# Cash Book- a Subsidiary Book and Principal Book of Accounts. Cash Book is both a subsidiary book and a principal book. When a Cash Book is maintained, all cash transaction are recorded in it and therefore, they are not recorded in the journal. Since all the cash transaction are recorded for the first time in the Cash Book, it is therefore a book of original entry. Also, when a cash book is prepared, cash account in the ledger is not prepared. In this way, cash book represents the cash account and hence, becomes the principal book of accounts. Thus, cash book is both a subsidiary book as well as principal book.

# **Distinction between Cash Account and Cash Book**

|  |  |  |
| --- | --- | --- |
|  | Cash Account | Cash Book |
| (i) | It is account in the ledger. | It is one of the subsidiary book in which all cash transaction are recorded. |
| (ii) | Cash account is opened in the ledger and posting is done in this account from journal. | It is a book of original entry because all cash transaction are first of all recorded in cash book and then posted from cash book to various accounts in the ledger. |
| (iii) | When cash transaction are already in Journal, it is necessary to open a cash account in the ledger. | When cash transaction are recorded in cash book, there is no necessity to open a cash account in the ledger. |

# **Enter the following in a three column cash book:**

|  |  |  |
| --- | --- | --- |
| 2000 |  | Rs. |
| July 1 | Cash in handBank overdraft | 4,0001,000 |
| July 3 | Received a cheque from Ramlal on accountAllowed him discount | 29040 |
| July 7 | Ramlal’s cheuqe deposited into Bank | - |
| July 10 | Withdrew from the bank for office use | 800 |
| July 12 | Paid bills payable by cheque | 600 |
| July 15 | B/R received from Mohandiscounted with the bank, bank crediting the current A/c with | 2,400 |
| July 20 | Issued a cheque for petty cash | 100 |
| July 25 | Paid to Rakesh by cheque and discount received (Rs.30) | 470 |
| July 28 | Cash sales | 900 |

# **Enter the following transaction in a two column cash book having cash and discount column**:

|  |  |  |
| --- | --- | --- |
| 2000 |  | Rs. |
| June 1 | Cash in hand | 8,900 |
| June 3 | Bought goods for cash | 4,300 |
| June 5 | Paid for wages | 4,100 |
| June 7 | Withdrew from the bank for expenses | 7,500 |
| June 7 | Cash paid to yogesh | 1,950 |
| June 7 | Discount allowed by Yogesh | 50 |
| June 10 | Cash Sales | 13,500 |
| June 13 | Received cash from BabuAllowed him discount | 3,900100 |
| June 15 | Purchased stationery from Prakash on credit | 200 |
| June 16 | Paid for postage stamps | 150 |
| June 18 | Amount introduced as capital | 5,000 |
| June 21 | Received cash from HiteshAllowed him discount | 7,840160 |
| June 24 | Paid cash for traveling expenses | 120 |
| June 26 | Amount paid into Bank | 2,500 |
| June 27 | Cash paid to BansalDiscount allowed by him | 97525 |
| June 28 | Credit purchases from Ahmed | 3,800 |
| June 30 | Cash purchases | 1,500 |
| June 31 | Paid Salaries | 2,800 |

# **Compile a two column cash book from the following transactions:**

|  |  |  |
| --- | --- | --- |
| 2001 |  | Rs. |
| Jan 1 | Cash in hand | 567 |
| Jan 1 | Cash at Bank | 12,675 |
| Jan 2 | Deposited into the Bank | 500 |
| Jan 5 | Received from A andallowed him Discount | 79010 |
| Jan 7 | Purchased furniture for cash | 250 |
| Jan 8 | Paid to B by chequeAnd received Discount | 7455 |
| Jan 13 | Received from C by cheque and deposited into the Bank | 500 |
| Jan 15 | Cash SalesDeposited into Bank | 7851000 |
| Jan 17 | Purchased a motor car and paid by cheque | 5,240 |
| Jan 19 | Paid by cheque to DAnd received Discount | 3673 |
| Jan 22 | Withdrew from bank for office use | 250 |
| Jan 25 | Purchased goods for Cash | 350 |
| Jan 31 | Paid Establishment Expenses through Bank | 450 |
| Jan 31 | Paid Rent in cash | 50 |

# **Prepare a Double Column Cash Book and Bank Column.**

|  |  |
| --- | --- |
| 2002 |  |
| Jan 1 | Mr. Bhatia commences business with Rs.20,000 in cash |
| Jan 3 | He pays Rs.15,000 into Bank Current A./c. |
| Jan 7 | He pays into bank Sanjay & CO.’s cheque for Rs. 600 |
| Jan 10 | He pays Usha Co. by cheque Rs.330 and is allowed discount Rs.20s |
| Jan 12. | Tanvi & Co. pays into his Bank A/c Rs.400 |
| Jan 13. | He receives cheque for Rs.450 from Harsh and allows him discount Rs.35 |
| Jan 15 | He receives cash Rs.75 and cheque Rs.100 for Cash Sales |
| Jan 20 | He pays into Bank Rs. 1,000 |
| Jan 22 | He pays by cheque for cash purchases Rs.275. |
| Jan 25 | He pays Sundry Expenses in cash Rs.50 |
| Jan 26 | He pays Ajay and Co. Rs.375 in cash |
| Jan 31 | He pays office rent by cheque by Rs.200 |
| Jan 31 | He draws a cheque for personal Rs.250 |
| Jan 31 | He pays staff salaries by cheque Rs.300 |
| Jan 31 | He draws a cheque for office use Rs.400 |
| Jan 1 | He pays cash for stationery Rs.25 |
| Jan 31 | He purchased goods for cash Rs.125 |
| Jan 31 | He pays Ajay by cheque for commission Rs.300 |
| Jan 31 | He gives cheque to Shakti for cash purchases of furniture for office Rs.1,500 |
| Jan 1 | He receives cheque for commission Rs.500 from Usha Co. and pays the same into Bank |

# **Prepare a cash book from the following transaction:**

|  |  |
| --- | --- |
| 2002 |  |
| Jan 1 | Cash in hand Rs.1,600 Cash at bank Rs.10,000 |
| Jan 4 | Discounted a bill for Rs.5,000 at 1% through bank |
| Jan 5 | Bought goods by cheque Rs.8,000 |
| Jan 8 | Bought goods for cash Rs.200 |
| Jan 10 | Paid Rs. 6,000 by cheque for a bill drawn upon us |
| Jan 12 | Paid trade expenses Rs.100 |
| Jan 17 | Paid into bank Rs.1,000 |
| Jan 18 | Jones who owned us Rs.200 became bankrupt and paid 50 paise per rupee. |
| Jan 20 | Received Rs.100 from Govind and allowed him discount Rs.2 |
| Jan 21 | Paid Rs. 250 to Madan and he allowed us discount Rs.2 |
| Jan 22 | Withdrew from bank for office use Rs.200 |
| Jan 25 | Withdrew from bank for private expenses Rs.100 |
| Jan 26 | Sold goods for cash Rs.100 |
| Jan 27 | Received a cheque for goods sold Rs.9,000 and deposited into Bank |
| Jan 31 | Received repayment of loan Rs.3,000 and deposited out of it Rs.2,500 into the bank. |

# **Prepare a double column bank from the following by assuming that cheques received are paid into Bank same day:**

|  |  |  |
| --- | --- | --- |
| 2002 |  | Rs. |
| Oct. 1 | Cash in handCash at bank | 1,80011,000 |
| Oct. 5 | Discounted a B/E at 1% through bank | 4,000 |
| Oct 7 | Bought goods by cheque | 7,000 |
| Oct 8 | Bought goods for cash | 500 |
| Oct 10 | Honored our own acceptance bycheque | 5,000 |
| Oct 14 | Paid trade expenses | 105 |
| Oct 16 | Paid into Bank | 1,000 |
| Oct 18 | Amount received from Ramesh against bad debts written off previously | 250 |
| Oct 19 | Received cash from RajAllowed discount | 40010 |
| Oct 23 | Withdrew from bank | 400 |
| Oct 23 | Paid to GyanAllowed us discount | 30010 |
| Oct 24 | Received Rs.2,000 for a B/E from Hari and deposited the same into bank |  |
| Oct 25 | Withdrew from bank for private expenses | 300 |
| Oct 27 | Sold goods for cash | 200 |
| Oct 28 | Received cheque for cash | 9,000 |
| Oct 29. | Received payment of a loan of Rs. 5,00 and deposited Rs. 3,000 out of it into Bank |  |
| Oct 30 | Bank charges as per pass book. | 5 |

# **Enter the following transaction in two column cash book of M/S. property Traders for the month of February, 1999**

|  |  |
| --- | --- |
| Feb 2 | Cash in hand Rs.1,248, bank balance Rs.3,500. |
| Feb 3 | Issued a cheque of Rs.5,00 to the petty cashier. |
| Feb 5 | Received a cheque of Rs.350 from M/s Sanjay Bros. In full settlement of their account of Rs.375. |
| Feb 8 | Issued a cheque of Rs.200 to Shri X as advance against our order of furniture worth Rs.500 |
| Feb10 | Cash Sale amounted to Rs.2,00 and cash purchases amounted to Rs.500 |
| Feb 11 | Deposited Rs.500 in the bank |
| Feb 13 | Withdrew Rs.100 in cash and Rs.200 by cheque for meeting personal expenses |
| Feb 14 | Received Rs.525 from Vandana Traders by a crossed cheque and allowed them discount Rs.10. the cheque was deposited into Bank the same day. |
| Feb 15 | Issued salaries Rs.200 in cash and rent Rs.250 by cheque. |

# Prepare **a three column cash book from the following transactions and post them to the appropriate ledger accounts:**

|  |  |  |
| --- | --- | --- |
| 2002 |  | Rs. |
| March 1 | Cash balanceBank balance | 7,0001,00,000 |
| March 3 | Cash Sales | 60,000 |
| March 6 | Rent paid by cheque | 24,000 |
| March 8 | Cash deposited into Bank | 60,000 |
| March 10 | Rent paidWages paid | 1,8001,000 |
| March 12 | Received cheque from Mohan and depositedDiscount allowed | 7,800200 |
| March 18 | Issued cheque to HariDiscount allowed | 13,400600 |
| March 16 | Withdrawn from bank for office use | 20,000 |
| March 20 | Withdrew cash for personal use | 4,000 |
| March 22 | Received cheque from Shyam and paid into Bank | 10,000 |
| March 24 | Shyam dishonoured the cheque | 10,000 |
| March 26 | Furniture purchased and issued cheque | 6,000 |
| March 29 | Received interest on investment | 3,000 |
| March 30 | Paid salaries | 4,800 |

# **Enter the following transaction in a three column cash book.**

|  |  |  |
| --- | --- | --- |
| 2002 |  | Rs. |
| Jan 1 | Brought cash for starting business | 10,000 |
| Jan 2 | Deposited in current account | 4,000 |
| Jan 3 | Purchased goods | 800 |
| Jan 4 | Goods sold to Rakesh for Rs.200. he paid the amount in cash immediately after deducting 5% cash discount |  |
| Jan 6 | Purchased furniture | 100 |
| Jan 8 | Gave a loan by cheque to Hari | 50 |
| Jan 13 | Purchased stationery | 13 |
| Jan 20 | Goods sold | 200 |
| Jan 22 | Paid rent by cheque | 30 |
| Jan 25 | Withdrew from the bank for office use | 500 |
| Jan 28 | Goods worth Rs.500 were purchased from Gopal . Its payments was made today by cheque after deducting 5% cash discount |  |
| Jan 31 | Paid salaries | 55 |

# **Record the following transaction in the two column cash book of Meenu & Sons:**

|  |  |
| --- | --- |
| 2002 |  |
| Feb 1 | Balance – cash Rs.30 and bank Rs.510 |
| Feb 2 | Purchased stamps for cash Rs.4 |
| Feb 3 | Received Rs.385 from Pawan allowing discount Rs1.5 |
| Feb 4 | Encashed a cheque for Rs.70 and paid salaries in cash Rs.50 |
| Feb 5 | Paid Puneet Supplies Ltd. Rs. 216 receiving discount Rs.11 |
| Feb 11 | Encashed a cheque for Rs. 30 and paid salaries in cash Rs.50 |
| Feb 12 | Purchased stationery by cheque Rs.15 |
| Feb 13 | Cash Sales Rs.70 |
| Feb 14 | Received Rs.520 from Saxena Ltd. Allowing discount Rs.20 |
| Feb 15 | Paid account of TPT Ltd. Rs. 600 net. |
| Feb 16 | Paid rent by cheque Rs.60 |
| Feb 17 | Cash Sales Rs.140, paid cash into bank Rs.100 |
| Feb 18 | Paid salaries Rs.50 |
| Feb 20 | Settled account to Munjal & Co. Rs.60 receiving discount of Rs.2 |

# **Enter the following transaction in the cash book with cash, and bank column:**

|  |  |
| --- | --- |
| 2002 |  |
| June 1 | Balance of cash in hand Rs.1,400. overdraft at bank Rs.5,000 |
| June 4 | Invested further capital of Rs.10,000 out of which Rs.6,000 deposited in the bank |
| June 5 | Sold goods for cash Rs.5,000 |
| June 6 | Collected from debtors of last year Rs.8,000; discount allowed to them Rs.200 |
| June 10 | Purchased goods for cash Rs.5,500 |
| June 11 | Paid Puran Chand, our creditor Rs.2,500; discount received Rs.65 |
| June 13 | Commission paid to our agent Rs.530 |
| June 14 | Office furniture purchased from Kashish Rs.200 |
| June 14 | Electricity charges paid Rs.10 |
| June 16 | Drew cheque for personal use Rs.700 |
| June 17 | Cash sales Rs.2,500 |
| June 18 | Collection from Aman Rs.4,000; deposited in the bank next day. |
| June 19 | Drew from the bank for office use Rs.500 |
| June 22 | Drew cheque for petty cash Rs.150 |
| June 24 | Divided received by cheque Rs.50; deposited in the bank the same day. |
| June 25 | Commission received by cheque Rs.230; deposited in the bank on 28th |
| June 29 | Drew from the bank for salary of the office staff Rs.1,500 |
| June 29 | Paid salary of the manager by cheque Rs.500 |
| June 30 | Deposited cash in the bank Rs.10,000 |

# **Enter the following transaction in cash book with cash, and bank column:**

|  |  |  |
| --- | --- | --- |
| 2002 |  | Rs. |
| April 1 | Cash in handBank balance | 3,0003,000 |
| April 3 | Purchased goods and paid by cheque | 1,000 |
| April 4 | Sold goods for cash | 500 |
| April 5 | Sold goods for cash | 300 |
| April 6 | Sale proceeds of April 5 deposited in bank |  |
| April 9 | Received from MadanDiscount allowed to him | 40010 |
| April 12 | Withdrew by cheque for private use | 500 |
| April 14 | Withdrew cash for private use | 50 |
| April 15 | Paid bills payable | 600 |
| April 17 | Paid to Suresh by chequeHe allowed discount | 40010 |
| April 20 | Received a cheque from Divya in full settlement of Rs.525 | 500 |
| April 21 | Cheque of Divya endorsed to Pooja |  |
| April 23 | Received a cheque from Neetu and sent it to bankDiscount allowed to her | 3008 |
| April 25 | In connection with cash sales received cash Rs.300And cheque for Rs.500 |  |
| April 27 | Received cheque from Pankaj which was deposited into bank the same day | 200 |
| April 28 | Deposited in bank | 200 |
| April 29 | Received cheque from Hari and immediately sent it to bankDiscount allowed to him | 40010 |
| April 30 | Received cheque from Pankajhe allowed discount | 10 |
| April 30 | Bank notifies that Hari’s cheque has been dishonoured |  |
| April 30 | Suresh paid directly into our bank account | 500 |
| April 30 | Bank notifies that Neetu’s cheque had been dishonoured |  |
| April 30 | The bank has charged Rs.50 for bank charges and allowed interest Rs.300 |  |

# **Enter the following transaction in the three column cash book:**

|  |  |  |
| --- | --- | --- |
| 2002 |  | Rs. |
| Jan 1 | Commenced business with cash | 5,000 |
| Jan 2 | Opened a current account in Punjab National Bank and deposited | 4,900 |
| Jan 3 | Sold goods fro cheque and cheque paid into bank | 190 |
| Jan 5 | Paid Ram Lal by cheque | 190 |
| Jan 8 | Paid Ram Lal by chequeAllowed discount by him | 502 |
| Jan 10 | Bought goods and paid for these by cheque | 280 |
| Jan 12 | Paid cash for stationery | 25 |
| Jan 14 | Bought furniture and paid for the same by cheque | 145 |
| Jan 17 | Sold goods for cheque and paid into Bank the same day | 180 |
| Jan 18 | Received from Suresh cheque and depositedAllowed him discount | 1635 |
| Jan 19 | Received from Pramod Cash | 200 |
| Jan 21 | Paid into bank cash Rs.200, cheque Rs.165 | 365 |
| Jan 24 | Paid trade expenses by cheque | 80 |
| Jan 25 | Suresh’s cheque returned by bank dishonoredDiscount disallowed | 1653 |
| Jan 26 | Paid to Moti Lal by chequeHe allowed discount | 19010 |
| Jan 28 | Drew from the bank for office | 100 |
| Jan 29 | Received from Harish chequeAllowed him discount | 1405 |
| Jan 30 | Endorsed cheque received from Harish in fevour of Naresh |  |
| Jan 31 | Paid rent for the month by chequePaid salary in cash Rs.40 and by cheque Rs.180Bank charges as per pass book | 5022020 |

# 14 Enter **the following transaction in a three column Cash Book:**

|  |  |  |
| --- | --- | --- |
| 2003 |  | Rs. |
| January 1 | Cash in hand | 3,150 |
| January 1 | Cash at Bank | 91,400 |
| January 2 | Discounted a Bill of Rs.1,000 at 1% through Bank |  |
| January 5 | Bought goods for Rs.2,000Paid cheque for them, discount allowed 1% |  |
| January 15 | Paid Trade Expenses | 120 |
| January 16 | Paid Taxes | 400 |
| January 17 | Paid Insurance charges | 100 |
| January 25 | Sold goods for Rs. 12,500Received cheque for them, discount allowed 1%. |  |
| January 28 | Received cheque from John & Co. | 6,000 |
| January 30 | Purchase 10 War Bonds for Rs. 100 each at Rs.95Each and paid for them by cheque |  |

# 15 **The transactions for the month of March 2002 of M/s Bhatia & Co. are furnished here as under. You are required to enter the same in an appropriate Cash Book:**

|  |  |
| --- | --- |
| 2002 March |  |
| March 1 | Cash in hand Rs. 415 and Cash at Bank Rs.2530 |
| March 2 | Paid wages by cheque Rs.950 |
| March 5 | Made cash purchases Rs.150. |
| March 15 | Receivable Rs.530 by cheque from Krishna and allowed him discount Rs.20 |
| March 16 | Paid cheque to Mohan Rs.400 in full settlement of his account 415 |
| March 18 | Cash Sales amounted to Rs.150 |
| March 20 | Bought furniture for Rs.300, paid by cheque. |
| March 22 | Bank credited the account with Rs.200 for interest |
| March 25 | Received a cheque for Rs.250 from Suresh and allowed him discount Rs.10 |
| March 30 | Deposited cash into Bank Rs.300 |

# 16 **Prepare a three column cash book**

|  |  |
| --- | --- |
| 1996 |  |
| Jan. 1 | Cash in hand Rs.1,600. bank overdraft Rs.1,000 |
| Jan 2. | Discounted a bill for Rs.5,000 at 1% through bank |
| Jan 3. | Paid into bank Rs.1,000 |
| Jan 11. | Joginder who owned us Rs.200 became bankrupt and paid as 50 paise per rupee. |
| Jan 15. | Withdrew from Bank for private expenses Rs.100 |
| Jan 20. | Received repayment of loan Rs.3,000 and deposited out of it Rs.2,000 in Bank. |