

Chapter 4 Recording Of Transactions - II

CASHBOOK

This book is used for recording all the transactions related to cash payment and cash receipt.

All bank related transactions are also recorded in this book.

Difference between cash account and cash book.

Cash account	Cash book
Cash account is an account in a ledger.	It is a separate book maintained for recording all cash related transactions.
It records only one aspect of cash related transactions.	It records both the aspects of a transaction.
It is necessary to open a cash a/c in the ledger when the transactions are recorded in a journal.	It is not necessary to open a cash account in the ledger, when transactions are recorded in the cash book.

→ Single column cash book

Cashbook

Dr.

Cr.

Date	Particulars	V. No	L.F.	Amount	Date	Particulars	V. No	L.F.	Amount
	To.....					By.....			

Let's practice it with a question :-

Enter the following transaction in a single column cash book:-

- March 1. Commenced business with cash Rs10000.**
- 2. Bought goods for cash Rs 2500.**
 - 5. Sold goods for cash Rs 2000.**
 - 10. Goods purchased from Ravi on credit Rs 5000.**
 - 13. Paid to Ravi Rs 3500.**
 - 15. Cash sale Rs 4000.**
 - 18. Purchased furniture for cash Rs 3099.**
 - 20. Paid wages Rs 190.**
 - 24. Paid rent Rs 200.**
 - 26. Received commission Rs 300.**
 - 28. Withdrew for personal use Rs 500.**
 - 31. Paid salary Rs 450.**

Ans:

Dr.									Cr.
Date	Particulars	V. no	L.f	Amount (in Rs)	Date	Particulars	V. no	L.f	Amount (in Rs)
2017 March 1	To capital a/c			10000	2017 March	By			
5	To sales a/c			2000	2	purchases a/c			2500
15	To sales a/c			4000		By ravi a/c			3500
26	To commission a/c			300	13	By			3000
					18	furniture a/c			190
					20	By wages a/c			200
					24	By rent a/c			500
					28	By drawings a/c			450
				16300	31	By salary a/c			10340
	Total receipts					Total payment			5960
				16300	31	By balance c/d			16300
April 1	To balance b/d			5960					

DOUBLE COLUMN CASH BOOK

Double column cash book is a cash book with two columns on each side, one column for recording cash transactions and the other for recording bank transactions .

Dr.						Cr.					
Date	Particulars	V. no	L. F	Cash	Bank	Date	Particulars	V. no	L. F	Cash	Bank
	To...						By...				
										

Let's practice it with a question:-

Date	Details	Amounts (in Rs)
Sep 1	Bank balance.	21000
Sep 1	Cash balance .	7500
Sep 4	Purchased goods by cheque .	6000
Sep 8	Sale of goods for cash .	3000
Sep 13	Purchase of machinery by cheque.	2750
Sep16	Sold goods and received cheques (deposited same day.	2250 8700
Sep 17	Purchase goods from Miraula in cash.	550
Sep 20	Purchase stationery by cheque.	750
Sep 24	Cheque given to Rohit.	5000
Sep 27	Cash withdrawn from the bank.	1250
Sep 31	Rent paid by cheque.	1750
Sep 31	Paid salary.	1550

Solution:

Dr.						Cr.					
Date	Particulars	V. No	L. F	Cash (Rs)	Bank (Rs)	Date	Particulars	V. No	L. F	Cash	Bank
1 sept	To balance b/d			7500	21000	4 sept	By purchases				6000
8 sept	To sales			3000		13 sept	By machinery				2750
16 sept	To sales		C	5000	2250	17 sept	By purchases			8700	
27 sept	To bank					20 sept	By stationery				550
						24 sept	By Rohit				750
						27 sept	By cash				5000
						31 sept	By rent				1250
				15500	23250	31 sept	By salary			1750	
				5050	6950	31 sept	By balance c/d			5050	6950
Oct 1	To balance b/d									15500	23250

Books of original entry-

Special purpose subsidiary books:-

Purchase book or purchase journal

Purchase book records all the credit purchases of goods. It records only those things in which a firm or Business organisation deals in.

Format of purchase book:-

Date	Particulars	Invoice No.	L. F	Details	Purchase	Input CGST	Input SGST	Input IGS T	Total Amount

Let's practice with a question:-

Enter the following transactions in the purchase book of superior cloth House, New Delhi, assuming CGST @ 2.5% and SGST @ 2.5%.

2018	
April 4	Purchased from rashi krishna & sons, of new Delhi, Vide invoice no. 305. 100 meter cotton @ ₹200 per metre 80 metre woolen cloth @ ₹500 per metre Trade discount 20%
April 12	Purchased from Raghuraam parshad & Co. , of Kanpur, U. P. , Vide invoice no. 140 50 metre silk cloth @ ₹ 600/metre 40 metre cotton cloth @ 250/metre Trade discount 10%
	Purchased from stylish furniture house, Delhi:-

April 20	10 chairs @₹2,000 per chair
April 25	<p>Purchased from laal om and sons of Gujarat, vide invoice no. 308</p> <p>100 metre woollen cloth @ ₹600 per metre</p> <p>Trade discount is 15% and freight charges payable are ₹ 3,000.</p>

Ans:

Date	Particulars	Invo ice No.	L . F	Detail s	Purcha se	Input CGS T	Input SGS T	Input IGS T	Total amount
2018 April 4	Rashi krishna & sons, New , Delhi 100 meter cotton @ ₹200 per metre 80 metre woolen cloth @₹500 per metre	305		₹ 20,0 00 40,0 00 <hr/> 60,0 00 12,0 00 <hr/> 48,0 00 12,0 00 <hr/> 12,0 00 <hr/> 5040 0					
April 12	Less : trade discount@20% Add: CGST@ 2.5% SGST @ 2.5	140			48,000	12,0 00	12,0 00		50400

April 25	Purchased from raghuraam parshad & co., of kanpur, U. P., 50 metre silk cloth @₹ 600/metre 40 metre cotton cloth @250/metre Less: Trade discount 10% Add: IGST @ 10%	139	30,000 10,000 <u>40,000</u> 4,000 <u>36,000</u>	36,000			1,800	37,800
April 30	Purchased form laal om and sons of Gujarat, 100 metre woollen cloth @ ₹600 per metre Less: Trade discount is 15% Add: IGST @ 15%		36,000 1,800 <u>37,800</u> 60,000 9,000 <u>0</u> <u>51,000</u>	51,000 1,35,000 00	1,200 0	1,200 0	2,550 0 <u>4,350</u>	53,550 1,41,750
	Total							

				2,55 0					
				<u>53,5</u> 50					

Sales book:-

In the sales book, all credit sales of goods are recorded. Cash sales will be recorded in the cash book, not in the sales book. Credit sales of things other than the goods in which the firm deals in, are not recorded in the sales book.

Format of sales book:-

Date	Particulars	Invoice No.	L. F	Details	Sale	Output CGST	Output SGST	Output IGS T	Total Amount

Let's do it with an example:-

2018	
May 1	Sold goods to seven star furniture co., patiala(punjab), on credit:- 150 chairs @₹ 1,800 each 36 tables @₹ 5,000 each Discount 20%
May 15	Sold goods to rishal furniture house, Amritsar (punjab) :-

May 20	10 almirahs @₹ 11,000 each 5 sofa sets at ₹18,000 each
May 25	Sold goods to akash furniture house, New Delhi :- 100 chairs @₹ 2,000 each Less:5%
May 28	Sold to moonheight furniture co. For cash:- 50 chairs @₹ 1,900 each
	Sold on credit to Sumit machinery store:- 2 old machineries @ ₹5,000 per machine 1 old computer for ₹ 1,200

Ans:

Date	Particulars	Invoice no.	L. F	Details	Sale	Output CGST	Output SGST	Output IGST	Total amount
2018 May 15	seven star furniture co., patiala(punjab) 150 chairs @₹ 1,800 each 36 tables @₹ 5,000 each Less : t. d@20% Add : CGST@6% SGST @6%			2,70,000 1,80,000 4,50,000 90,000 3,60,000 21,600 21,600	3,600 00	21,600 0	21,600 0		4,03,200

			4,03,200					
	Rishal furniture house, Amritsar							
	10 almirahs at 11,000/-							
	5 sofa sets at ₹ 18000 each		1,10,000					
	Less : t. d @15%		90,000	1,70,000	10,200	10,200		1,90,000
Ma	Add: CGST @ 6%		30,000					
y 20	SGST @6%		1,70,000					
			10,200					
			10,200				22,800	
			1,90,000				0	
	Akash furniture house, New Delhi,			1,90,000				2,12,800
	100 chairs @ ₹2, 000 each			7,20,000	31,800	31,800	22,800	
	Less: t. d @5%		2,00,000		0	0	0	8,06,400
	Add: IGST @ 12%		10,000					
			1,90,000					
	Total		22,800					

Purchase return book:-

Purchase return book is used to record the return of such goods as were purchased on credit basis.

This book is also known as the return outward book.

Format of purchase return book:-

Date	Particulars	Debit Note	L. F	Details	Purchase Return	Input CGST	Input SGST	Input IGS T	Total Amount

SALE RETURN BOOK

Sale return book is used to record the return of such goods as were sold to the customers on credit basis.

This book is also known as a return inward book.

Format of sale return book:

Date	Particulars	Credit Note	L. F	Details	Sale Return	Output CGS T	Output SGS T	Output IGS T	Total Amount

Journal proper:-

In the journal proper only those transactions are recorded which cannot be recorded in any other subsidiary book. In such a case a journal is called a proper journal.

Let's do it with an example:--

Record the following transactions in the JOURNAL PROPER of m/s ramesh traders

1. An old machinery sold to sailash for ₹ 5,000 on credit

2. Goods worth ₹20, 000 was destroyed by fire

3. A bills receivable for ₹20, 000 endorsed to Shwetha

Ans: Journal proper

Date	Particulars	L. F	Debit(in ₹)	Credit(in ₹)
1.	Sailash a/c To machinery a/c (Being old machinery sold on credit)		5,000	5,000
2.	Loss by fire a/c To purchases a/c (Being goods destroyed by fire)		20,000	20,000
3.	Shwetha a/c To bills receivable a/c (Being b/r endorsed)		20,000	20,000