

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

## 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<br>(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   |       |      | 8700  | 2750  |
| 16 sept | To sales       |       | C    | 5000      | 2250      | 17 sept | By purchases   |       |      |       | 550   |
| 27 sept | To bank        |       |      |           |           | 20 sept | By stationery  |       |      |       | 750   |
|         |                |       |      |           |           | 24 sept | By Rohit       |       |      |       | 5000  |
|         |                |       |      |           |           | 27 sept | By cash        |       |      | 1750  | 1250  |
|         |                |       |      |           |           | 31 sept | By rent        |       |      | 5050  | 6950  |
|         |                |       |      | 15500     | 23250     | 31 sept | By salary      |       |      | 15500 | 23250 |
|         |                |       |      | 5050      | 6950      |         | By balance c/d |       |      |       |       |
| Oct 1   | To balance b/d |       |      |           |           |         |                |       |      |       |       |



### 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 CGS T | Input SGS T | 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.<br>100 meter cotton @ ₹200 per metre<br>80 metre woolen cloth @ ₹500 per metre<br>Trade discount 20%     |
| April 12 | Purchased from Raghuraam parshad & Co. , of Kanpur, U. P. , Vide invoice no. 140<br>50 metre silk cloth @ ₹ 600/metre<br>40 metre cotton cloth @ ₹250/metre<br>Trade discount 10% |
|          | Purchased from stylish furniture house, Delhi:-   |



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

**Ans:**

| Date         | Particulars   | Invoice No. | L . F | Details                                   | Purchase | Input CGS T | Input SGS T | Input IGS T | Total amount |
|--------------|---|-------------|-------|---|----------|-------------|-------------|-------------|--------------|
| 2018 April 4 | Rashi krishna & sons, New , Delhi<br>100 meter cotton @ ₹200 per metre<br>80 metre woolen cloth @₹500 per metre | 305         |       | ₹<br><br>20,000<br>40,000<br><hr/> 60,000 |          |             |             |             |              |
|              | Less : trade discount@20%   |             |       | 12,000                                    |          |             |             |             |              |
|              | Add: CGST@2.5%  |             |       | 48,000                                    | 48,000   | 12,000      | 12,000      |             | 50400        |
| April 12     | SGST @ 2.5  | 140         |       | 12,000<br>12,000<br><hr/> 50400           |          |             |             |             |              |







|  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|
|  |  |  |  | 2,55<br>0<br><hr/> 53,5<br>50<br><hr/> |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|

### 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 IGST | Total Amount |
|------|-------------|-------------|------|---------|------|-------------|-------------|-------------|--------------|
|      |             |             |      |         |      |             |             |             |              |

### Let's do it with an example:-

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

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

**Ans:**

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

|        |                                   |  |  |          |          |        |        |        |          |
|--------|-----------------------------------|--|--|----------|----------|--------|--------|--------|----------|
| May 20 |                                   |  |  | 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 |
|        | Add: CGST @ 6%                    |  |  | 2,00,000 |          |        |        |        |          |
|        | SGST @6%                          |  |  | 30,000   |          |        |        |        |          |
|        |                                   |  |  | 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         |  |  |          |          |        |        |        |          |
|        | Less: t. d @5%                    |  |  |          | 7,20,000 | 31,800 | 31,800 | 22,800 | 8,06,400 |
|        | Add: IGST @ 12%                   |  |  | 2,00,000 |          |        |        |        |          |
|        |                                   |  |  | 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 IGST | 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 CGST | Output SGST | Output IGST | 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.<br>F | Debit(in ₹) | Credit(in ₹) |
|------|---|---------|-------------|--------------|
| 1.   | Sailash a/c<br>To machinery a/c<br>(Being old machinery sold on credit) |         | 5,000       | 5,000        |
| 2.   | Loss by fire a/c<br>To purchases a/c<br>(Being goods destroyed by fire) |         | 20,000      | 20,000       |
| 3.   | Shwetha a/c<br>To bills receivable a/c<br>(Being b/r endorsed)          |         | 20,000      | 20,000       |