

CASH BOOK

- Only cash transactions are recorded in chronological order.
- When cash book is maintained there is no need of preparing cash and bank accounts in ledger.
- Serves as both subsidiary and principal book.

TYPES OF CASH BOOK

- Simple or Single column Cash book (cash column only)
- Double column Cash book (Cash and Discount columns only)
- Three Column Cash book (Cash, Discount and Bank columns)

IMPORTANCE OF CASH BOOK

- *serves as both journal and ledger
- *saves time and labour
- *shows cash and bank balance
- *benefit of division of labour
- *effective cash management
- *prevents frauds and errors

Cash Discount

- Allowed to encourage the debtors to make an earlier payment.
- Cash discounts allowed are entered on the debit side and
- cash discounts received are entered on the credit side.

Trade Discount

- Allowed to encourage buyers to buy in large quantities
- Not recorded in the books but is deducted from invoice amount.

Cheque

- Cheque is a negotiable instrument.
- In addition to cash dealings every business may use cheques as a means of payment.
- For the purpose of accounting, cheques received are treated as cash received.
- When cheques received are banked on the same day the amount is to be directly debited to the bank account.
- When payments are made by cheque, the bank account is credited.

Bank overdraft

When the business is not having sufficient money in its bank account, it can borrow money from the bank. As a result of this, amount is overdrawn from bank.

- Overdraft (OD) will appear as credit balance in the bank column of cash book and it will appear as debit balance in the bank statement.
- It is unfavourable or negative balance.
- The facility of bank overdraft is not available to any account other than current account in the bank.

PETTY CASH BOOK

- *all petty expenses are recorded
- *maintained by a separate cashier

TYPES of Petty Cash book

- *simple petty cash book
- *analytical petty cash book

ADVANTAGES OF PETTY CASH BOOK

- better control over petty payments
- saving of time of main cashier
- cash book is not loaded with petty Payments
- posting from main to petty cash book is comparatively easy

IMPREST SYSTEM

- an amount known as **imprest money is given to petty cashier** to meet petty expenses
- the petty cash book is submitted to main cashier and **the amount spent on petty expenses is given back** to the petty cashier
- the total cash with the petty cashier never exceeds the imprest at any time during the period

Dr. Simple Cash Book Cr.									
Date	Receipts	R.N.	L.F.	Amount	Date	Payments	V.N.	L.F.	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

Dr. Cash book with cash and discount columns Cr.											
Date	Receipts	R.N.	L.F.	Amount		Date	Payments	R.N.	L.F.	Amount	
				Discount	Cash					Discount	Cash

In the books of Gunasekaran													
Dr. Three column cash book Cr.													
Date	Particulars	R.N.	L.F.	Amount			Date	Particulars	V.N.	L.F.	Amount		
				Discount Allowed	Cash	Bank					Discount Received	Cash	Bank
2017													
Jan. 1	To Balance b/d			-	50,000	90,000	Jan. 6	By Bank A/c		C	-	18,000	-
5	To Rohini A/c			500	-	14,500	10	By Cash A/c			-	-	2,000
6	To Cash A/c		C	-	-	18,000	12	By Purchases A/c			200	-	9,800
7	To Sales A/c			200	-	11,800	27	By Rohini A/c			-	-	14,500
10	To Bank A/c			-	2,000	-	31	By Balance c/d			-	34,000	1,26,000
14	To Nathiya A/c			-	-	18,000							
				700	52,000	1,52,300					200	52,000	1,52,300
Feb. 1	To Balance b/d				34,000	1,26,000							

Dr. Analytical petty cash book (in `) Cr.												
Receipts	C.B EN	Date	Particulars	V.N.	Total Payments	Conveyance	Cartage	Stationery	Postage	Wages	Sundries	L.F.
500		2017										
		Jan. 1	To Cash									
		Jan. 2	By Conveyance		5	5						
			By Cartage		12		12					
		Jan. 6	Total expenses		350	34	36	134	15	66	65	
			By Balance c/d		150							
500					500							
150		Jan. 6	To Balance b/d									
350		Jan. 6	To Cash									