CHAPTER - 3

SUBSIDIARY BOOKS

In big business organisations, the transactions would be numerous. So it will be inconvenient to record all the transactions in one journal and post all the journal entiries in one ledger.

So in big business organisations, instead of having one journal eight different journals are maintained to record different types of transactions. Thus, the sub-divisions of journal are called subsidiary journals or subsidiary books.

The following are the subsidiary books.

1. Purchases Book
2. Sales Book
3. Purchases Returns Book
4. Sales Returns Book
5. Bills Receivable Book
6. Bills Payable Book
7. Cash Book
8. Journal Proper

1. Purchases Book :

This book is meant for recording all credit purchase of goods only. Cash purchase of goods will be entered in the cash book only. This book is also called Bought Day Book.

2. Purchases Returns Book :

This book is meant for recording returns of goods purchased earlier either for cash or on credit. Returning the goods can only be a credit transaction.

Debit Note : When the goods are returned to the suppliers a 'Debit Note' is sent to them. It gives the address of the suppliers, the description of goods, quantity returned and also its value.

3. **Sales Book :**

This book is meant for recording credit sales of goods only. Cas[illegible] sales are shown in cash Book.

4. **Sales Returns Book :**

This book is meant to record all the goods returned by ou[illegible] customers.

Credit Note : When the goods are returned by customers, [illegible] credit note is sent to them. It gives the address of the customer[illegible] description of the goods, quantity returned and also its value.

5. **Bills Receivable Book :**

This book is meant for recording all the Bills Receivables.

6. **Bills Payable Book :**

This book is meant for recording all the Bills Payables.

7. **Cash Book :**

This Book is meant to record all the cash transactions, ie receipt[illegible] and payments of cash.

8. **Journal Proper :**

It is the original journal . This book is to record any transcatio[illegible] which could not be recorded in any of the above seven subsidiar[illegible] books.

(E.g) Credit purchases and credit sale of assets, consignment [illegible] goods, Joint Venture, destruction of good by fire, theft, claim fro[illegible] insurance companies, adjusting entries etc.

Advantages of Subsidiary Books :

1. Subsidiary books make the recording work easy and quick.
2. It helps in division of labour, since different persons may write different book.
3. Easy reference becomes possible.
4. It esures reduction in the clerical work.
5. It increases the efficiency of clerk.

CASH DISCOUNT AND TRADE DISCOUNT :

To enable correct recording of figures in the subsidiary books, a clear understanding of 'cash discount' and trade discount is essential.

Distinction Between
Trade Discount and Cash Discount

Trade Discount	Cash Discount
1. It is allowed at the time of purchase (for large purchases)	1. It is allowed at the time of payment (for early payment)
2. It is shown as a deduction in the Invoice. vendor Bill	2. It has nothing to do with Inovice.
3. Entry is not made in the account book	3. Entry is made in the account book
4. The aim of trade discount is to enable the buyer to sell the goods at catalogue price.	4. The aim of cash discount is to encourage the debtors to pay their dues prompty.
5. It is based on trade policy	5. It is based on condition

Illustration 1 (Purchases Book)

Enter the following transactions in the purchases book of M/s Arun and post them in the ledger.

2004

Jan 9 Purchased from Joseph Stores, 15 boxes of pencil @ ₹ 6 per box

15 Purchased for cash 10 Excercise book @ ₹ 5 per book. cash book

18 Bought Furniture from Fancy Furniture Mark ₹ 2000, Trade discount 10% (Asset)

21 Purchased 25 bags of tea dust from Subam Traders @ ₹ 20 per bag, Trade discount 5 %

Solution

Purchases Book

Date	Particulars		Inward Invoice No.	L.F	Amount ₹
2004					
Jan 9	Joseph Stores				90.00
" 21	Subam Trader	500			
	Less 5% T.D (25×50)	25			475.00
" 31	Purchases a/c Dr				565.00

Ledger Postings :

Dr. Joseph Stores a/c Cr.

					₹
			2004		
			Jan 9	By Purchases	90.00

Dr. Subam Stores a/c Cr.

					₹
			2004		
			Jan 21	By Purchases	475.00

Dr. Purchases a/c Cr.

		₹			
2004					
Jan 31	To Sundries	565.00			

Illustration 2 : (Sales Book)

Enter the following transactions in the sales book of M/s Arun and Post them into ledger.

2004
Feb 1. Sold goods to prince ₹ 2500
10 Sold to Kannan 100 Shirts @ ₹ 45 per shirt, Trade discount 10%
21 Sold old Furniture to Kumar & Sons ₹ 1200 on Credit. ✗

Solution

Sales Book

Date	Particulars		Outward Invoice No.	L.F	Amount ₹
2004					
Feb 1	Prince				2500
10	Kannan,	4500			
	Less T.D. 10%	450			4050
29	Sales a/c Cr				6550

Ledger Postings :

Dr Prince a/c Cr

2004		₹			
Feb 1	To Sales	2500			

Dr Kannan a/c Cr

2004		₹			
Feb 10	To Sales	4050			

Dr Sales a/c Cr

			2004		₹
			Feb 29	By Sundries	6550

Illustration 3 (Purchases Returns Book)

Enter the following transactions in the purchases returns book of M/s Arun.

2004

March 1 Returned to Nellai Stores goods worth ₹ 750

8 Returned 10 boxes of soaps to Colombo Stores ₹ 1500

21 Returned to Modern Culture Palace 10 Thanjavur Plates @ ₹ 200 each subject to 20% Trade discount.

Solution :

Purchases Returns Book

Date	Particulars	Debit Note No.	L.F	Amount ₹
2004 Mar 1	Nellai Stores			750
8	Colomboo Stores			1500
21	Modern Culture Palace 2000 Less T.D. 400			1600
31	Purchases Returns Cr			3850

Ledger Postings:

Dr Nellai Stores a/c Cr

Date	Particulars	₹	Date	Particulars	₹
2004 Mar 1	To Purchases Return	2500			

Dr Colomboo Stores a/c Cr

Date	Particulars	₹	Date	Particulars	₹
2004 Mar 8	To Purchases Return	1500			

Dr Modern Culture Palace a/c Cr

Date	Particulars	₹	Date	Particulars	₹
2004 Mar 21	To Purchases Return	1600			

Dr Purchases Returns a/c Cr

Date	Particulars	₹	Date	Particulars	₹
			2004 Mar 31	By Sundries	3850

Illustration 4 (Sales Returns Book)

Record the following transactions in the teturns inwards book M/s Arun.

2004

Apr 1 Suresh returned goods worth ₹ 700

15 Mahesh returned goods worth ₹ 800

Solution :

Sales Returns Book

Date	Particulars	Credit Note No.	L.F	Amount ₹
2004 Apr 1	Suresh			700
15	Mahesh			800
30	Sales Returns a/c Dr			1500

Ledger Postings:

Dr Suresh a/c Dr

Date	Particulars	₹	Date	Particulars	₹
			2004 Apr 1	By Sales Return	700

Mahesh a/c

Dr						Cr
				2004 Ap 15	By Sales Returns	₹ 800

Sales Returns a/c

Dr						Cr
2004 Ap 30	To Sundries a/c	1500				

Ilustration 5

Enter the following transactions in the proper subsidiary books of M/s Arun.

2005
May 1 Bought goods from Mohandoss ₹1500
2 Sold goods to Peter ₹1400
5 Sanjay sold goods to us ₹1000, trade discount 10%
14 Sold goods to Mohan ₹1200
18 Purchased goods from Rajan Stores ₹ 2000
19 Received goods returned by Peter ₹ 1400
20 Returned goods to Sanjay worth ₹90
30 Goods returned by Mohan ₹ 120

Solution :

Purchases Book

Date	Particulars	Inward Invoice No.	L.F	Amount ₹
2005 May 1	Mohandoss			1500
5	Sanjay, Less 10% T.D			900
18	Rajan Stores			2000
May 31	Purchases a/c Dr.			4400

Sales Book

Date	Particulars	Outward Invoice No.	L.F	Amount ₹
2005 May 2	Peter			1400
14	Mohan			1200
31	Sales a/c Cr			2600

Purchases Returns Book

Date	Particulars	Debit Note No.	L.F	Amount ₹
2005 May 2	Sanjay			90
31	Purchase Returns a/c Cr			90

Sales Returns Book

Date	Particulars	Credit note No.	L.F	Amount ₹
2005 May 19	Peter			1400
30	Mohan			120
31	Sales Returns a/c Cr			1520

CASH BOOK

Cash Book is one of the subsidiary books. Here all the cash transactions are recorded with receipts on the debit side and payments on the credit side. Cash book serves the purpose of both a book of original entry and book of final entry. Thus, there need be no further posting in the ledger are necessary.

TYPES OF CASH BOOK :

The Cash book can be any one of the following types.

1. Single Column / Simple Cash Book
2. Double Column / Two Column Cash Book
3. Triple Column / Three Column Cash Book
4. Petty Cash Book

SIMPLE CASH BOOK :

This cash book has only one column namely the cash column. It is nothing but an ordinary cash account.

Illustration 6 :

Enter the following transactions in the simple column cash book.

2003

Aug 1 Started business with cash ₹ 1000
2 Purchased goods for cash ₹400
3 Sold good for ₹ 840
4 Paid to Prabu ₹ 200
5 Received from Asoka ₹ 700
6 Paid rent ₹ 100
7 Sold good for ₹ 500

Solution :

Dr. **Cash Account** Cr.

Date	Particulars	Amount	Date	Particulars	Amount
2003		₹	2003		₹
Aug 1	To Capital	1000	Aug 2	By Purchases	400
3	" Sales	840	4	" Prabu	200
5	" Asoka	700	6	" Rent	100
7	" Sales	500	31	" Balance c/d	2340
		3040			3040
Sept 1	To balance b/d	2340			

TWO COLUMN CASH BOOK :

This type of cash book has two columns, namely cash column and Discount column. Cash column is meant for cash receipts and cash payments. Discount column is meant for recording discount allowed and discount received.

Illustration 7 :

Enter the following in a cash book with cash and discount columns only.

2002

Jan 1 Manmohan started business with ₹10,000, paid into bank ₹ 8,000
3 Bought office furniture by cheque ₹ 3,000
5 Sold goods for cash ₹ 1,000
8 Paid Anand ₹600 and was allowed a discount of ₹ 60
12 Received from Mani a cheque for ₹ 690 and allowed a discount of ₹ 10 ; the cheque was deposited into bank.
18 Withdrew from bank for office use ₹1,000 → cash To Bank
24 Received for cash sales by cheque ₹ 1,200 cash To sales
31 Drew for personal use cash ₹ 100 ; Salaries paid ₹ 500 Assets Exp

Dr. Receipts **Cash Book of Manmohan** Payments Cr.

Date	Particulars	Discount	Cash	Date	Particulars	Discount	Cash
2002		₹	₹	2002		₹	₹
Jan 1	To captial a/c		10,000	Jan 1	By Bank		8,000
" 3	" Bank a/c		3,000	3	" Furniture		3,000
" 5	" Sales		1,000	8	" Anand	60	600
" 12	" Mani	10	690	12	" Bank		690
" 18	" Bank		1,000	31	" Drawings		100
" 24	" Sales		1,200	31	" Salaries		500
				31	" Bal. c/d		4,000
		10	16,890			60	16,890
Feb 1	To Bal. b/d		4000				

THREE COLUMN CASH BOOK :

This type of cash book Contains three columns, namely cash column, discount column and bank column. This type of cash book avoids opening of bank account in the ledger. So many organsations prefer this type of cash book.

The special feature of this method is that whenever a transaction involving cash a/c and Bank a/c takes place, it is entered on both sides of the cash book. one entry in the cash column and another entry in the Bank column. Therefore in the L.F column 'C' is put indicating contra, which means 'the other side'

Illustration 8 :

Enter the following transactions in cash book with cash, bank and discount columns.

2003		
Jan	1	Cash in hand ₹ 16,000
	3	Opened bank account with ₹ 7,000
	5	Cash purchases ₹ 10,000
	6	Cash sales ₹ 13,000
	14	Withdrew cash for office use ₹ 2000
	20	Sold goods to Sundar ₹ 9000
	25	Cash received from Sundar ₹ 8800 in full settlement
	28	Paid salaries ₹ 3000
	29	Withdrew ₹ 1000 from bank for domestic purpose
	30	Paid rent ₹1000
	31	Paid to Prabu ₹ 3700 in full settlement against his claim of ₹4000 during 2002

(M.S.University, April 2005)

Bank a/c Dr
To cash a/c (C)

Solution :

THREE COLUMN CASH BOOK

Dr. Receipts | Payment Cr.

Date	Particulars	LF	Discount ₹	Cash ₹	Bank ₹	Date	Particulars	LF	Discount ₹	Cash ₹	Bank ₹
2003											
Jan 1	To Bal b/d			16000	-	Jan 3	By Bank	C		7000	-
" 3	" Cash	C		-	7000	" 5	" Purchases			10000	-
" 6	" Sales			13000	-	" 14	" Cash	C		-	2000
" 14	" Bank	C		2000	-	" 28	" Salaries			3000	-
" 25	" Sundar		200	8800	-	" 29	" Drawings			-	1000
						" 30	" Rent			1000	-
						" 31	" Prabu		300	3700	-
						" 31	" Bal c/d			15100	4000
			200	39800	7000				300	39800	7000
Feb	To Bal. c/d			15100	4000						

Bank
To cash a/c (C)

Illustration 9 :

Enter the following in three column cash book and balance the same:

1998

August	1	Balances : Cash ₹ 700; bank ₹ 4,900
	2	Amount received on sale of shares ₹ 8,000
	4	Cash Paid into bank ₹ 6,300
	6	Amount paid to Rajamoni ₹ 1,000 Discount received from him ₹ 25
	10	Received for cash sales cheque ₹ 6,000, cash ₹ 2,000 Sent the above cheque to the bank.
	12	Received a cheque for ₹ 575 from Thangamani and settled his account for ₹ 600. Sent the cheque to the bank.
	14	Paid Sigamani by cheque ₹ 480 ; Discount reeeived from him ₹ 20
	16	Withdrew from bank ₹ 1,800
	20	Paid Anbumani by cheque ₹2,000 for cash purchases
	30	Paid salaries ₹ 1,200

(M.S. University Nov.2002, Ap.2004)

Solution :

THREE COLUMN CASH BOOK

Dr **Cr**

Date	Particulars	LF	Discount	Cash	Bank	Date	Particulars	LF	Discount	Cash	Bank
			₹	₹	₹				₹	₹	₹
1998											
Aug1	To Bal b/d			700	4900	Aug4	By Bank	C		6300	-
" 2	" Shares			8000	-	" 6	" Rajamani		25	1000	-
" 4	" Cash	C		-	6300	" 14	" Sigomany		20	-	480
" 10	" Sales			2000	6000	" 16	" Cash	C		-	1800
" 12	" Thangamany		25	-	575	" 20	" Purchases			-	2000
" 16	" Bank	C		1800	-	" 30	" Salaries			1200	-
						" 31	" Bal c/d			4000	13495
			25	12500	17775				45	12500	17775
Sep1	" Bal b/d			4000	13495						

Illustration 10 :

Enter the following transactions in the cash book with cash, bank and discount columns:

2000

April	1	Balance of cash in hand ₹ 400 ; Overdraft at bank ₹5000
	4	Invested further capital of ₹ 10,000, out of this ₹ 6000 was put into the bank
	5	Sold goods for cash ₹ 3000
	6	Collected from the debtors of last year ₹ 8,000. Discount allowed to them ₹ 200. Close the cash book on April 7th, 2000

(M.S. University April 2001)

Solution:

Three Column Cash Book

Dr **Cr**

Date	Particulars	LF	Discount	Cash	Bank	Date	Particulars	LF	Discount	Cash	Bank
1998			₹	₹	₹				₹	₹	₹
2000											
Ap1	To Bal. b/d			400		Ap 1	To Bal. b/d			-	5000
" 4	" Captial			10000	-	" 4	" Bank	C		6000	-
" 4	" Cash	C		-	6000						
" 5	" Sales			3000	-						
" 6	"Debtors (loan)		200	8000	-	" 30	" Bal. c/d			15400	1000
			200	21400	6000					21400	6000
May1	" Bal. b/d			15400	1000						

PETTY CASH BOOK

In the course of every busines there are many petty expenses to be incurred such as postage, stationary, carriage, cleaning etc. If these transactions are recorded in the main cash book, recording would become quite cumbersome and time consuming. Hence, such petty expenses may be recorded in a separate cash book known as petty cash book . The petty cashier may maintain the petty cash book.

The petty cash in usually maintained on the basis of **imprest system**. Under this system, a fixed sum, say ₹ 100 is advanced to the petty cashier by the main cashier. At the end of the month, the petty cashier submits his statement of expenses and gets a fresh advance equivalent to the amount spent by him during the period. Thus, the petty cashier has a fixed balance at the beginning of every period.

Analytical / Columnar Petty cash Book :

The best method of recording the petty expenses is to record them in the analytical petty cash book. Here the petty expenses are classified into different heads of expenses. Each head of expenses will have a separate column in the petty cash book. Thus, the various petty expenses can be conveniently recorded under certain heads making the posting from petty cash book easy.

Illustration 11 :

From the following particulars prepare analytical column of petty cash book.

1999		
Jan	1	Received from head cashier ₹ 300
	2	Paid for stationary ₹ 20
		Postage and telegram paid ₹ 10
		Paid office expenses ₹ 15
	4	Bought paper and ink ₹10
		paid telephone bill ₹ 30
	5	Paid for Tiffin to office peon ₹ 8
		Bought postage stamps ₹ 15
	6	Paid Selvan on account ₹ 15
	7	Paid for miscellaneous office expenses ₹10
	8	Paid cartage ₹10
		Paid travelling expenses ₹ 15

(M.S. University April 2000)

Solution :

Analytical Petty Cash BooK

Amount ₹	Date	Particulars	No.	Total Expenses ₹	Printing & Stationary ₹	Postage & telegram ₹	Office Expense ₹	Tele Phone ₹	Ledger ₹	Travel Expense ₹
	1999									
300.00	Jan 1	To Cash								
	" 2	By Stationary		20	20	-	-	-	-	-
	" 2	" Postage		10	-	10	-	-	-	-
	" 2	" Office exp		15	-	-	15	-	-	-
	" 4	" Paper ink		10	10	-	-	-	-	-
	" 4	" Telephone		30	-	-	-	30	-	-
	" 5	" Tiffin		8	-	-	8	-	-	-
	" 5	" Stamps		15	-	15	-	-	-	-
	" 6	" Selvans		15	-	-	-	-	15	-
	" 7	" Office exp		10	-	-	10	-	-	-
	" 8	" Cartage		10	-	-	-	-	-	10
	" 8	" Travelling		15	-	-	-	-	-	15
				158	30	25	33	30	15	25
		" Balance c/d		142						
300.00				300						
142.00		" Balance b/d								

EXCERCISES

1. Prepare purchases book from the following transactions.

2000

May 1 Purchased 100 bags of wheat @ ₹50 per bag from M/s Chenniyappan, Salam

3 Bought 20 tins Vanaspathi Oil @ ₹45 per tin from Kavery Traders, less 10% trade discount

5 Purchased 10 boxes of Chocolates @ ₹ 20 per box from Selvans, Nazareth

2. Enter the following transactions in the sales book of Ramu and post them in the ledger :

2.1.2000	Sold 2 bags of sugar to Gopi stores at ₹ 250 per bag at 5% trade discount
15.1.2000	Sold to R.Ravi 100 tins of Amul milk powder at ₹ 20 per tin at 10% trade discount
20.1.2000	Sold S.Solai 100kg coffee seeds at ₹ 15 per kg
25.1.2000	Sold to V.Vasu 50 kg tea at ₹ 20 per kg.

(M.S. University Nov.2002, Ap 2004)

3. Enter the following transactions in the proper subsidiary books:

2000

April 1 Purchased goods from Das ₹1000

2 Sold goods to Sen ₹ 400

3 Sold goods to Ramesh ₹ 250

5 Bought goods from Suresh ₹ 200

7 Sold goods to A for cash ₹300

8 Received goods returned by Sen ₹50

9 Purchased goods from Shyam ₹ 600

10 Returned goods to Suresh ₹ 100

(M.S. University April 2001)

4. Enter the following transactions in the proper subsidiary books.

2000		
Dec		
1	Bought goods from Sekar P	3000
2	sold goods to suresh S	2000
3	Ganesh sold goods to us P	2000
8	Nagaraj bought goods from us S	4000
11	Received goods returned by Suresh SR	800
13	We returned goods to Sekar PR	500
19	Sold goods to Arul S	6000
21	Purchased goods from Karthik P	7000
24	Returned goods to Ganesh PR	1000
30	Sold goods to Chandra S	7000

5. Enter the following transaction in the proper subsidiary books and show the ledger accounts

2005

Mar

1 Sold goods on credit to 'A' for ₹ 6500 S

4 Credit sales to B ₹ 8400 S

6 Goods returned from 'A' ₹ 600 SR

8 Credit sales to 'B' ₹ 8000 S

12 Sold goods on credit to 'A' for ₹ 5000 S

20 Sales returns from 'B' ₹ 800 RI

29 Sales returns from 'A' ₹ 350 RI

6. Enter the following transactions in a single column cash book of Mr. A. Praveen Samuel

2004			₹
Jan	1	Started business with cash	10000
	5	Purchased goods for cash C	4000
	6	Purchased goods from X & Co.	2000 X
	7	Paid into Bank C	3000
	12	Paid X & Co. C	2000
	18	Sold goods for cash	5800
	20	Sold on credit to Y & Co. X	3200
	25	Paid salaries C	600
	27	Received cheque from Y & Co.	2200
	28	Received Commision	400
	30	Purchased Furniture C	815
	31	Drawn from Bank C	1500

(Ans: Cash Balance :₹9485)

7. Enter the following transactions in Siva's cash book with cash an
discount columns

2003			₹
Oct	1	Cash Balance	2,200
	2	Cash Sales	4,000
	5	Bought goods for	1,800
	6	Credit sales to Kannan	1,200
	7	Kannan paid his dues @ 2%cash discount	
	8	Credit Ppurchases to M/s Singh	2,700
	9	Paid M/s Singh ₹2670 and settled their account	
	15	Cash withdrawal for personal expenses	400
	16	Paid into the bank	1000
	25	Paid office rent	1150
	29	Received from Balu ₹480 in full settlement of his account	500

(Ans : Cash Balance ₹ 836

8. Enter the following transactions in Syed Ali columnar cash book.

1989

March 1 Opening balance Cash ₹ 6,830, Bank ₹ 18,700.

3 Sold goods for cash ₹2,400

5 Paid dues to Deen ₹1400 by cheque

7 Paid Office rent ₹1,200

9 Received ₹1,800 from Rabani in full settlement of his debt of ₹2,000

11 Paid wages ₹750

13 Withdrew ₹4,000 from bank and paid salaries ₹2,600 and advertising charges ₹700

19 Settled a debt of ₹1,000 at 3% discount by issuing a cheque

(M.S. University April 200

(Ans :Cash Balance ₹ 9780, Bank Balance ₹ 1233

9. Enter the following transations in a three column Cash Book.

1996			₹
Jan	1	Capital introduced (in cash)	30,000
	1	Paid into Bank	8,000
	5	Purchased goods by cheque	1,000
	6	Received cheque from Raman	2,000
		Allowed discount	100
	10	Cash sales	7,000
	12	Paid into Bank	3,000
	15	Paid Gopal by cheque	3,000
		Discount received	50
	20	Paid Salaries by cheque	1,000
	25	Withdrew for Office use	2,000
	31	Draw a cheque for personal use	500

(M.S.Universit y Nov.99)

(Ans : Cash Balance ₹ 30,000; Bank Balance ₹ 3,500)

10. Enter the following trasactions in Gopi's three column cash book

1999

Jan 1 Opening Balance : Cash ₹800, Bank ₹12,700

2 Sold goods for cash ₹1300

3 Paid dues to Raman by cheque ₹1000

5 Paid ₹1000 into bank

8 Received ₹800 from Kesavan in full settlement of his debt for ₹820

10 Paid wages ₹50

11 Withdrew ₹5000 from bank and paid salaries ₹3800 and advertising charges ₹500

12 Settled a debt of ₹1000 at 2% discount by cheque

18 Cash purchases ₹50 paid by cheque

(M.S.University Nov.2000)

(Ans : Cash Balance ₹2550, Bank Balance ₹6670)

11. From the following prepare three column cash book:

1997			₹
Jan	1	Cash Balance	4,500
		Bank Balance	2,100
	5	Cash sales	6,000
		Paid into Bank	2,000
	7	Purchases paid by cheque	1,500
	10	Received a cheque from Raman	950
		Discount allowed	50
	15	Paid Raman's cheque into Bank	

26	Paid Mohan by cheque	625
	Discount received	45
29	Withdrew from Bank	1,000
31	Paid rent	400

(M.S.University April 99

(Ans : Cash Balance ₹ 9100, Bank Balance ₹ 1925

12. Enter the following transactions in Ganeshan's cash book with columns for cash, bank and discount.

1997

Jan 1 Balance in cash on hand ₹400 and at Bank ₹3,600

3 Received ₹1,600 from Gopalan in cash ; Allowed him discount of ₹20 ; Paid ₹1,000 into bank

4 Cash sales ₹ 1,200

5 Paid salaries by cheque ₹1,600

6 Repairs of typewriter ₹600

8 Paid ₹1,200 to Modern Co., half in cash and half in cheque

Ans : Cash Bal. ₹ 1000 & Bank Bal. ₹ 2400);(M.S.University Nov.99)

13. Enter the following transactions in cash book with cash, bank and discount columns.

2003

June 1 Cash in hand ₹12,000

3 Opened bank account with ₹7,000

5 Cash purchases RS.10,000

6 Cash sales ₹14,000

14 Withdraw cash for office use ₹3,000

20 Sold goods to Sekar ₹ 9, 500

25 Cash received from Sekar ₹ 8, 800 in full settlement.

28 Paid salaries ₹4,400

29 Withdrew ₹2000 from bank for domestic purposes.

30 Paid rent ₹1,600

31 Paid to Raghu ₹3,700 in full settlement, against his claim of ₹4,600 during 2002

(M.S.University Nov 2004

... Balance ₹11,100 & Bank Balan...

14. Enter the following transactions a three column cash book

2005

Jan

1 Cash balance ₹ 1300; Bank balance ₹ 7000

2 Purchased goods and issued cheque for ₹ 3500

6 Cash sales ₹ 12000

7 Deposited into bank ₹ 8000

9 Received ₹990 from Mani and settled his account ₹ 1000

15 Paid to Gini ₹ 1200, discount received ₹ 25

18 Withdrew from bank for home expenses ₹ 1500

20 Withdrew from bank ₹ 2000 for office use

25 Received a cheque for ₹ 1000 from Kumar and sent to bank

30 Paid salary by cheque ₹ 3000

31 Paid wages by cash ₹ 800

(Ans: Cash Balance ₹ 6290 & Bank Balance ₹ 6000)

15. Prepare a petty cash book on the imprest system from the following

			₹
1998			
Mar	1	Cheque received	100.00
	2	Telegram	8.00
	3	Stationary	3.00
	4	Taxi rent	15.00
	9	Registered Post	13.00
	12	Printing of Receipt Book	9.00
	19	Ink Bottle	4.50
	25	Carriage	6.00

(M.S.University Apr.1999)

16. Prepare a Petty Cash Book on imprest system from the following:

			₹
1999			
Mar	1	Received a cheque for petty expenses	250.00
	3	Paid for Bus fare	2.00
		Paid for Cartage	5.00
	5	Postage expenses	10.00
		Rickshaw fare	6.00
	7	Daily wages paid	4.00
		Purchased stationery	8.00

	10	Expenses for repairs to chairs	30.00
		Cartage charges	10.00
	12	Telegram charges	20.00
		Refreshment to customers	12.00
	15	Advertising expenses	35.00
	18	Sundry expenses	20.00

(M.S. University Nov. 2000)

17. Prepare a petty cash book on the imprest system from the following:

1997			₹
Mar	1	Received for petty cash	300.00
	2	Paid Bus fare	1.50
		Paid Cartage	7.50
	3	Postage	15.00
		Paid wages for casual labour	18.00
	4	Paid for stationery	12.00
		Rickshaw charges	6.00
	5	Paid for repairs to chairs	45.00
		Paid bus fare	3.00
		Paid cartage	12.00
	6	Postage and Telegram	21.00
		Rickshaw charges	9.00
		Paid cartage	9.00
		Stationery	6.00
		Refreshement to customers	15.00

(M.S. University Nov. 99)

Theory Questions

Part -A

Short Questions

1. Name the Subsidiary Books.
2. What is Journal proper?
3. Explain Trade Discount.
4. Explain Cash Discount.
5. What is a Cash Book?
6. What are the types of Cash Book?
7. Explain three column Cash Book.
8. Explain contra entry.
9. What is Petty Cash Book?

Choose the best answer

1. A book where small items of expenditure like postage, carriage, coolies, stationery, etc., are entered is called.
   a) Petty Cash Book b) Sales Book
   c) Purchases Book d) Cash Book *(Ans : a)*

2. Journal proper is used to record
   a) All cash and credit transactions
   b) cash and credit sales
   c) cash and credit purchases
   d) adjusting and closing entries *(Ans : d)*

3. Cash sales are entred in the
   a) Purchases book b) Cash book
   c) Sales book d) Debit note *(Ans : b)*

4. Cash discount is recorded in the
   a) Cash book b) Sales book
   c) Purchases book d) Journal proper *(Ans : a)*

5. Sales book relates to
   a) Sales b) purchases
   c) Cash receipts and payments d) purchases returns *(Ans: a)*

6. Subsidiary books are maintained in
   a) Big business concerns b) Small business concerns
   c) Banks d) None of the above *(Ans:a)*

7. Purchases book is maintained to record
   a) All the purchases b) All the cash purchases
   c) All the credit purchases d) None of the above *(Ans : c)*

Part - B

1. What are subsidiary books ?
2. What is meant by subsidiary books? Explain the different types subsidiary books.
3. Differenciate trade discount and cash discount.
4. What is petty cash? What is the need for it?
5. Explain the imprest system of petty cash?