Cash book

Part 1

State whether the following statements are True or False.

- 1) The cash book plays a dual role as a ledger account and as a prime entry book [......]
- 2) Cash discounts are given at the time of purchase and trade discounts are available at the time of loan settlement. [.....]
- 3) The cash and credit transactions are recorded in the cash book [.....]
- [.....] 4) Trade discounts are recorded in accounts.
- 5) The accounts must be balanced to identify the balance of the account [.....]
 - Choose the most appropriate answer from the answers given in the following questions.
- 6) When Debtor Shehan settled Rs. 10 000, 5% discount was allowed. The relevant double entry for this is,
 - Dr 10 000 2. Discount given 1. Debtor account Dr 500 Cr 500 Discount given account Cash book Dr 9 500

Cash account Cr 95 00 Shehan's account Cr 10 000

3. Cash account Dr 10 000 4. Cash book Dr 10 000 Discount given Cr 500 Shehan's account Cr 10 000

Debtors account Cr 9 500

Discount given account

Cr 2000

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- 7) Sahara's business received a cheque from debtors of Rs. 20 000 subjected to a 10% discount. The
- double entry relevant to this transaction is,
 - 1. Bank account Dr 18 000 2. Bank accountDr 20 000

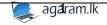
Debtors account Cr 20 000 **Debtors** Cr 18 000

Discount received account

Dr 2 000

3.Debtor accountDr 20 000 Dr 2 000 4. Discount received account Discount given account Cr 2 000 Cash account Dr 18 000

Cr 18 000 Cr 20 000 Cash account Debtors account



- 8) Sanaka's business paid Rs. 7 200 in cash to the creditors and the discount received was Rs. 800. The double entry relevant to this transaction is,
 - 1. Creditors account Dr 7 200
 Discount received account Dr 8 00
 Cash account Cr 8 000
- 2. Cash account Dr 8 000
 Discount received account Dr 8 00
 Creditors account Cr 7 200
- 3. Creditors account Dr 8 000
 Discount received account Cr 8 00
 Cash account Cr 18 000
- 4. Discount received account Dr 8 00

 Cash account Dr 7 200

 Creditors account Cr 8 000
- 9) Paid creditor Akith of the SMAK business Rs. 8 500 through a cheaque. The discount given by Akith was Rs. 5 00. The double entry relevant to this transaction is,
 - 1. Creditors account Dr 9 000 2.
 Discount received account Cr 5 00
 Bank account Cr 8 000

2. Cash account Dr 9 000

Discount received account Cr 5 00

Creditors account Cr 8 500

3. Creditors account Dr 9 000

Discount received account Cr 5 00

Cash account Dr 8 500

Cash account Cr 8 500

Creditors account Cr 8 000

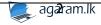
10)

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(A) Transaction	(B) Source document
1) Cash sales of Rs. 80 000	A. Petty cash journal voucher
2) Paid postage expense of Rs. 45	B. Deposit receipt
3) Paid creditor Sathira Rs. 7 500	C. Receipt
4) Deposited Rs. 100 000 in the bank	D. Payment voucher

The correct answer when column (A) is matched with column (B) is,

- 1. B, D, A & C
- 2. C, D, B & A
- 3. C, A, D & A
- 4. D, C, B & A



Part II

• Answer the following questions

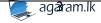
- 1) What is the cash book?
- 2) Write the dual function of the cash book.
- 3) Name 2 other prime entry books that have a dual function other than the cash book.
- 4) Name the 2 types of cash discounts.
- 5) Why discount columns are considered as souvenir columns in the cash book with discounts columns.
- 6) Write down how to record following transaction in the cash book

SERIAL	TRANSACTION	Cash book		
NUMBER		Debited	Credited	
1	Sales of current assets of the business			
2	Payments to creditors			
3	Investing capital to the business			
4	Obtaining a bank loan			
5	Received dividend income	m lk		
6	Purchased office equipment			

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7) Following are the transactions details of Tharuka foods company during the month of February 2020

Date	Receipt number	Voucher number	Invoice number	Description
2020.02.02	01			Invested capital of Rs. 75 000
2020.02.05		001		Purchase of goods worth Rs. 30 000 on cash
2020.02.07			2568	Bought Rs. 15 000 worth good from Nimal on credit
2020.02.08		002		Purchased equipment worth Rs. 10 000
2020.02.10	02			Cash sales Rs. 800



2020.02.11			10051	Bought goods worth Rs. 5 000 from Sandun on credit
2020.02.15		003		Paid creditor Nimal Rs. 5 000
2020.02.18	03			Obtained a bank loan of Rs. 50 000
2020.02.20		004		Paid creditor Sandun Rs. 3000
2020.02.25	04			Cash sales Rs. 35 000

Answer the following questions using the above given information.

- I. From the above transactions write down the transactions that are not included in the cash book.
- II. Prepare the cash book.
- III. Prepare and balance the ledger accounts.
- 8) Below are the transactions and account balance information for the month of January 2020 in Nenasa business.

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Balances on January 1st 2020

Cash 17 000 Capital 200 000

Creditor- kanishka 24 000 Debtor - savindu 52 000

Transaction information

1. 2020/01/02 Purchase of stock worth Rs.58 200

2. 2020/01/05 Investing additional capital of Rs. 50 000

3. 2020/01/10 Debtor Savindu had sent a cheaque with a 5% discount on the settlement Of the Rs. 20 000

4. 2020/01/13 Settled creditor kanishka Rs.10 000. Discount received was 5%

5. 2020/01/18 Paid electricity bill of Rs. 2 5000

6. 2020/01/23 The owner obtained Rs. 4 800 for his personal use

7. 2020/01/28 Received investment interest of Rs. 5 500

8. 2020/01/30 The discount given to savindu on settling balance of Rs. 30 000 is 5%

Required: 1. Prepare the cash book.

2. Record the transactions in the ledger account and balance them.



Petty cash book

Choose the most appropriate answer from the answers given in the following questions.

- 1) The petty cash imprest of Dedunu business is Rs. 1 000. In May 2020, the petty cashier has spent Rs. 825. Accordingly, the amount to be reimbursed on the 1st of JUNE 2020 is,
 - 1. Rs. 1825

- 2. Rs. 175
- 3. Rs. 1 000

- 4. Rs. 825
- 2) Dulanjanis's business had a petty cash balance of Rs. 750 on 2019/01/31. On this day Rs. 1 250 was given by the main cashier for reimbursement. Accordingly, the petty cash expenses of this business of the month of January is,
 - 1. Rs. 1 250
- 2. Rs. 500
- 3. Rs. 750

- 4. Rs. 2 000
- 3) As mentioned above in Dulanji's business, the value of petty cash impress is,
 - 1. Rs. 750

- 2. Rs. 2 000
- 3. Rs. 1250

- 4. Rs. 500
- 4) Is it was decided to increase the impress value of Dulanji's business with Rs. 500. From 1st of February 2020. What will be the new petty cash impress value?
 - 1. Rs. 1750

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- 2. Rs. 2 5000
- 3. Rs. 1 000
- 4. Rs. 1 250

<u>Part II</u>

- Answer the following questions.
- 1) What is the petty cash book?
- 2) Name the source document of the petty cash book.
- 3) What is meant by petty cash impress?
- 4) What is meant by reimbursement?
- 5) Below are the petty cash transactions occurred in Thilini's business during the month of May 2020

2020/05/01	Petty cash balance	Rs. 250
2020/05/01	Petty cash reimbursement	Rs. 2 250
2020/05/03	Refreshment expenses	Rs. 150
2020/05/04	Travelling expenses	Rs. 160



2020/05/06	Postage expenses	Rs. 125
2020/05/07	Sundry expenses	Rs. 130
2020/05/09	Paid Eranga	Rs.700
2020/05/10	Purchased stationary	Rs. 250
2020/05/14	Donations	Rs. 100
2020/05/18	Letter registration fee	Rs. 145
2020/05/20	Bus expenses	Rs. 200
2020/05/23	Photo copy expenses	Rs. 120
2020/05/28	Stamp expense	Rs. 75

Required: 1. Prepare the petty cash book.

- 2. Prepare the ledger accounts and balance them.
- 3. Find the reimbursement amount on 2020/02/01.



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