

CLASS: JSS2

SUBJECT: BUSINESS STUDIES

TOPIC: CASH BOOK

WEEK: 5

LEARNING OBJECTIVES:

1. Define a cash book.
2. Record cash receipts and payments in cash book.
3. Differentiate between cash book and petty cash book.

Cash book: Cash book is an organized book of entry. A cash book is a cash account taken out of the ledger and put inside a separate book. The money coming into an organization is entered at the left hand side or debit column while the money going out of the organization is entered on the right hand side or credit column.

There are three (3) types of cash book

1. Single column cash book
2. Double column cash book
3. Three column cash book

Simple column cash book: the simple cash book has columns for date, particulars, folio and amount only. The simple cash book has only a single column on the debit side for cash receipts and another single column on the credit side for cash payments. (Petty Cash Book).

The format for one-column cash book is as follows:

Cash Book

Dr

Cr

Date	Particulars	Folio	Amount		Date	Particulars	Folio	Amount
			# : k					# : k

Worked Example

Enter the following transactions in the cash book of Mr Seth for the month of May, 2023.

May 1 started a retail business with #400,000.00

May 6 Bought goods worth #50,000.00

May 7 Received #15,000.00 cash in respect of sales

May 11 Paid the following expenses in cash: stamps #500, Diesel #2,000

May 13 Paid cash #7,000 to Mrs. Joy

May 16 Bought a motorcycle by cash: #80,000

May 18 Received a cash loan of #60,000 from Mr Peter

May 24 Bought goods worth #8,000 by cash

May 30 Paid salaries of sales persons:#25,000

Mr Seth's Cash Book

Dr

Cr

Date	Particulars	Folio	Amount # : k	Date	Particulars	folio	Amount # : k
May 1	Capital		400,000.00	May 6	Purchases		50,000.00

May 7	Sale		15,000.00	May 11	Stamps		500.00
May 18	Mr. Peter		60,000.00	May 11	Diesel		2,000.00
				May 13	Mrs. Joy		7,000.00
				May 16	Motorcycle		80,000.00
				May 24	Purchases		8,000.00
				May 30	Salaries		25,000.00
					Balance c/d		302,500.00
	Balance b/d		475,000.00				475,000.00
			302,500.00				

Two-Column Cash Book: This is when two accounts such as cash transactions and bank transactions are brought together in one account.

Similarities between Petty Cash Book and Cash Book:

1. The both are books of original entry.
2. They are both ledger accounts.
3. The methods of recording transactions in both books are similar as both have debit and credit sides.

Differences between the two are:

1. The cash book has many sources of cash receipt, but the petty cash book has only one source, which are cheques drawn from the bank for the petty cash expenses.
2. Petty cash vouchers are the source documents for making entries into petty cash book while the main cash book has a variety of source documents.