

# VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

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Teacher name – Ajay Kumar Sharma

## Recording of Transactions-II

In chapter 3, you learnt that all the business transactions are first recorded in the journal and then they are posted in the ledger accounts. A small business may be able to record all its transactions in one book only, i.e., the journal. But as the business expands and the number of transactions becomes large, it may become cumbersome to journalize each transaction. For quick, efficient and accurate recording of business transactions, Journal is sub-divided into special journals. Many of the business transactions are repetitive in nature. They can be easily recorded in special journals, each meant for recording all the transactions of a similar nature. For example, all cash transactions may be recorded in one book, all credit sales transactions in another book and all credit purchases transactions in yet another book and so on. These special journals are also called daybooks or subsidiary books. Transactions that cannot be recorded in any special journal are recorded in journal called the Journal Proper. Special journals prove economical and make division of labour possible in accounting work. In this chapter we will discuss the following special purpose books:

- Cash Book
- Purchases Book
- Purchases Return (Return Outwards) Book
- Sales Book
- Sales Return (Return Inwards) Book
- Journal Proper

### Cash Book

Cash book is a book in which all transactions relating to cash receipts and cash payments are recorded. It starts with the cash or bank balances at the beginning of the period. Generally, it is made on monthly basis. This is a very popular book and is maintained by all organizations, big or small, profit or not-for-profit. It serves the purpose of both journal as well as the ledger (cash) account. It is also called the book of original entry. When a cashbook is maintained, transactions of cash are not recorded in the journal, and no separate account for cash or bank is required in the ledger.

## Single Column Cash Book

The single column cash book records all cash transactions of the business in a chronological order, i.e., it is a complete record of cash receipts and cash payments. When all receipts and payments are made in cash by a business organisation only, the cash book contains only one amount column on each (debit and credit) side. The format of single column cash book is shown in figure 4.1.

<b>Cash Book</b>							
<b>Dr.</b>				<b>Cr.</b>			
<i>Date</i>	<i>Receipts</i>	<i>L.F.</i>	<i>Amount Rs.</i>	<i>Date</i>	<i>Payments</i>	<i>L.F.</i>	<i>Amount Rs.</i>

**Fig. 4.1** : Format of single column cash book