

VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

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Recording of Transactions-II

The bank column is balanced in the same way as the cash column. However, in the bank column, there can be credit balance also because of overdraft taken from the bank. Overdraft is a situation when cash withdrawn from the bank exceeds the amount of deposit. Entries in respect of cheques received should be made in the bank column of the cash book. When a cheque is received, it may be deposited into the bank on the same day or it may be deposited on another day. In case, it is deposited on the same day the amount is recorded in the bank column of the cash book on the receipts side. If the cheque is deposited on another day, in that case, on the date of receipt it is treated as cash received and hence recorded in the cash column on the receipts side. On the day of deposit to the bank, it is shown in the Bank Column on receipt (Dr.) side and in the Cash Column on the payment (Cr.) side. This is a contra entry. If a cheque received from a customer is dishonoured, the bank will return the dishonoured cheque and debit the firm's account. On receipt of such cheque or intimation from the bank, the firm will make an entry on the credit side of the cash book by entering the amount of the dishonoured cheque in the bank column and the name of the customer in the particulars column.

This entry will restore the position prevailing before the receipt of the cheque from the customer and its deposit in the bank. Dishonour of a cheque means return of the cheque unpaid, generally due to insufficient funds in the customer's account with the bank. If the bank debits

Cash Book

Dr					Cr				
Date	Receipts	L.F.	Cash Rs.	Bank Rs.	Date	Payments	L.F.	Cash Rs.	Bank Rs.

Fig. 4.5 : Format of a double column cashbook

the firm on account of interest, commission or other charges for bank services, the entry will be made on the credit side in bank column. If the bank credits the firm's account, the entry will be made on the debit side of the cash book in the appropriate column. The format of double column cash book is shown in figure 4.5.

We will now learn how the transactions are recorded in the double column cash book.

Consider the following example:

The following transactions related to M/s Tools India :

Date	Details	Amount Rs.
2017		
Sept. 01	Bank balance	42,000
Sept. 01	Cash balance	15,000
Sept. 04	Purchased goods by cheque	12,000
Sept. 08	Sales of goods for cash	6,000
Sept. 13	Purchased machinery by cheque	5,500
Sept. 16	Sold goods and received cheque (deposited same day)	4,500
Sept. 17	Purchase goods from Mriaula in cash	17,400
Sept. 20	Purchase stationery by cheque	1,100
Sept. 24	Cheque given to Rohit	1,500
Sept. 27	Cash withdrawn from bank	10,000
Sept. 30	Rent paid by cheque	2,500
Sept. 30	Paid salary	3,500

The double column cash book based upon above business transactions will prepared as follows :

Cash Book

Dr.					Cr.				
Date	Receipts	L.F.	Cash Rs.	Bank Rs.	Date	Payments	L.F.	Cash Rs.	Bank Rs.
2017					2017				
Sept.					Sept.				
01	Balance b/d		15,000	42,000	04	Purchases			12,000
08	Sales		6,000		13	Machine			5,500
16	Sales			4,500	17	Purchase		17,400	
27	Bank	C	10,000		20	Stationery			1,100
					24	Rohit			1,500
					27	Cash	C		10,000
					30	Rent			2,500
					30	Salary		3,500	
					30	Balance c/d		10,100	13,900
			31,000	46,500				31,000	46,500
Oct.									
01	Balance b/d		10,100	13,900					

When the bank column is maintained in the cash book, the bank account also is not opened in the ledger. The bank column serves the purpose of the bank account. Entries marked **C** (being contra entries as explained earlier) are ignored while posting from the cash book to the ledger. These entries represent debit or credit of cash account against the bank account or vice-versa. We will now see how the transactions recorded in double column cash book are posted to the individual accounts.

Purchases Account

Receipts				Payments			
Date	Particulars	J.F.	Amount Rs.	Date	Particulars	J.F.	Amount Rs.
2017							
Sept.04	Bank		12,000				
Sept. 17	Cash		17,400				

Sales Account

Receipts				Payments			
Date	Particulars	J.F.	Amount Rs.	Date	Particulars	J.F.	Amount Rs.
				2017			
				Sept. 08	Cash		6,000
				Sept. 16	Bank		4,500

Machinery Account

Receipts				Payments			
Date	Particulars	J.F.	Amount Rs.	Date	Particulars	J.F.	Amount Rs.
2017							
Sept. 13	Bank		5,500				

Stationery Account

Receipts				Payments			
Date	Particulars	J.F.	Amount Rs.	Date	Particulars	J.F.	Amount Rs.
2017							
Sept.20	Bank		1,100				

Rohit's Account**Receipts****Payments**

<i>Date</i>	<i>Particulars</i>	<i>J.F.</i>	<i>Amount Rs.</i>	<i>Date</i>	<i>Particulars</i>	<i>J.F.</i>	<i>Amount Rs.</i>
2017 Sept.24	Bank		1,500				

Rent Account**Receipts****Payments**

<i>Date</i>	<i>Particulars</i>	<i>J.F.</i>	<i>Amount Rs.</i>	<i>Date</i>	<i>Particulars</i>	<i>J.F.</i>	<i>Amount Rs.</i>
2017 Sept.30	Bank		2,500				

Salary Account**Receipts****Payments**

<i>Date</i>	<i>Particulars</i>	<i>J.F.</i>	<i>Amount Rs.</i>	<i>Date</i>	<i>Particulars</i>	<i>J.F.</i>	<i>Amount Rs.</i>
2017 Sept.30	Cash		3,500				