CASH BOOK (II)

13.1 Triple Column Cash Book (Cash Bank and Discount Columns)

➢ A triple column cash book or three column cash book is one which consists of three separate columns on the debit side as well as credit side for recording cash, bank and discount.

➢ The discount column on the debit side of the cash book will record discounts allowed and that on the credit side discounts received

➢ Discount columns in both side are not balanced only totaled

Hafsa Noor Ayub

Cash Book (Triple Column)

For the month ended ………………………

Receipts						Payments					
Date	**Description**	**Ref**	**Cash**	**Bank**	**Discount**	**Date**	**Description**	**Ref**	**Cash**	**Bank**	**Discount**

Example # 13.1: From the following transactions write up a three column cash book for Zakir Khan & Co

2016

June 1   Cash in hand Rs. 2,000 and Bank Overdraft Rs. 1,500

  " 7   Received cash from Riaz & Co. Rs. 190; discount allowed Rs.10

  " 12   Sales by check Rs. 1,000

  " 15   Deposited cash Rs. 1,200 to bank account

  " 20   Paid to Waqas Shahzad Rs. 485; discount received Rs. 15

  " 25   Received check from Salman of Rs. 500 and deposited

  " 27   Paid to Hassan by bank Rs. 300

  " 28   Mr. Salman check of dated 25th has been dishonored due to technical reasons

Zakir Khan & Co

Cash Book (Triple Column)

For the month ended June, 2016

Receipts						Payments					
Date	**Description**	**Ref**	**Cash**	**Bank**	**Dis**	**Date**	**Description**	**Ref**	**Cash**	**Bank**	**Dis**
2016						2016					
June						June					
							Balance c/d				
	Total						**Total**				
July											

13.2 Petty Cash Book

- It is most common to find with large commercial businesses that all receipts and payments are made through bank

- Since expenses like conveyance, carriage, postage, telegrams, traveling etc, cannot be made by means of checks

- The maintenance of a small cash balance to meet these petty payments

- The Imprest System is used for petty cash maintenance

- For example, On June 1, 2012, Rs. 1,000 was given to the petty cashier. He had spent Rs.940 during the month. He will be paid Rs. 940 on 30th June by the cashier so that he may again have Rs. 1,000 for the next month of July

Example # 13.2: Enter the following transactions in the Petty cash book of Sonia Manzoor; Rs. 100 was given to cashier on 1st March, 2017 on the imprest system:

March	2	Paid for postage stamps	Rs. 8	March	23	Paid for ink and nibs	4
"	2	Paid for stationary	10	"	26	Paid for train fair	5
"	3	Paid for cartage	4	"	28	Paid for bus fair	4
"	3	Paid for postage stamps	6	"	29	Envelops and letter heads	6
"	8	Paid for paper	1	"	30	Printing address on above	4
"	12	Paid for cartage	6	"	31	Taxi fare to manager	10

Sonia Manzoor

Petty Cash Book

For the month ended March, 2017

Amount Received	Date	Description	VN	Total Payments	Postage	Printing & Stationery	Carriage	Travelling Expenses	Miscellaneous Expenses
	2017								

Example # 13.3: For the following transactions, you are required to describe side of cash book (Debit or Credit) and the column in which amount is entered (Cash, Bank or Discount)

S. No	Transactions	Side of Cash Book (Debit or Credit)	The column in which amount is entered (Cash, Bank or Discount)
1	*Cash received from customer*	*Debit*	*Cash*
2	Cash paid to vendor		
3	Discount allowed		
4	Check received		
5	Cash deposited in the bank	Debit (c) Credit (c)	Bank Cash
6	Discount received		
7	Cash withdrawn for office use		
8	Check received and deposited immediately	Debit	Bank
9	Salary paid by check		Bank
10	Cash sales	Debit	
11	Customer directly paid into bank		
12	Deposited check dishonored		Bank
13	Issued check dishonored		Bank
14	Favorable balance of cash in cash book		Cash
15	Bank charges	Credit	
16	Interest received from bank by company		
17	Interest on overdraft	Credit	Bank
18	Unfavorable balance of bank in cash book		
19	Amount directly received by bank as per standing instruction		
21	Rent received by check	Debit	Bank
22	Discount on purchases	Credit	
23	Payment directly made by the bank as per standing instruction		Bank
24	Discount on sales	Debit	
25	Credit sales		
26	Sales by check and check is retained in business	Debit	Cash
28	Bank balance overdraft in cash book	Credit	
29	Cash balance overdraft in cash book		Cash
30	Commission earned but not received		

Example # 13.4: From the following particulars write up the cash book of Rashid Khwaja Trading Co. for the month of October, 2016

2016

Oct	1.	Cash in hand Rs. 200; Balance overdrawn at Bank Rs. 400
	2.	Cash sales Rs. 1,500; Banked cash Rs. 1,200
	7.	Paid Habib & co. by check Rs. 150
	10	Received Abdul's check Rs. 850 and deposited into bank
	14	Paid salaries in cash Rs. 250; bought goods for cash Rs. 140.
	16	Drew from Bank for office use Rs. 160
	21	Cash sales Rs. 21; paid wages in cash Rs. 120
	23	Received by check from Aftab Ahmed Rs. 360; Discount Rs. 10.
	24	Abdul's check returned by bank unpaid.
	27	Sent a check to Jones for Rs. 175; Discount received Rs. 5
	30	Deposited Aftab's check

Rashid Khwaja Trading Co.

Cash Book

For the month ended October 30th, 2016

Receipt side						Payment side					
Data	Description	Ref	Cash	Bank	Dis.	Data	Description	Ref	Cash	Bank	Dis.

Practice MCQs
www.accountancyknowledge.com/cash-book-mcqs-2/

Practice Problems with Solutions
www.accountancyknowledge.com/three-column-cash-book-problems-and-solutions/